

BCI EXHIBIT

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From: Haworth, Richard: Barclays Capital (LDN)
Sent: Tue, 16 Sep 2008 05:26:13 GMT
Meredith-Jones, Daniel: ; Stone, John JP: Barclays PLC; Castell, Bill: ; Kohler,
To: Reto: Planning (NYK); Kalaris, Tom: Barclays Capital (LDN); Fernquest, John:
Planning (LDN)
CC: Clackson, Patrick: Finance (LDN); Morton, Marcus: Finance (NYK); Walker,
James: Finance (NYK)
Subject: Call at 6.30am UK, 1.30am EST

Please could you dial into the above call as an opportunity to speak with Patrick and/or James and resolve outstanding questions/clarification required around the numbers in order to complete the modelling. Attached the latest numbers as I have them

Dial in

+44 207 075 6547
Code – 484805#

<<...>> <<...>>

Assets in New Transaction reduced by 90% to \$55bn compared to Original transaction

\$bn	Long Island Starting Position	Excluded Original Transaction)	Original Transaction included	Excluded New Transaction	New Transaction included	Description
Mortgage	55.0	24.0	31.0	24.5	6.5	Secondary Mortgage Securities and ABS products
Real Estate	18.6	8.6	10.0	10.0	0.0	
Corporate Debt	41.7	8.7	33.0	27.6	5.4	Secondary US Corporate Debt
Corporate Equities	43.2	10.5	32.7	23.4	9.3	Cash Equities and Exchange traded business
Government & Agencies	42.3	0.0	42.3	12.1	30.2	US Government & Agencies business
CP and other MM instruments	4.6	0.0	4.6	3.4	1.2	
Derivatives and Other contracts	46.3	0.0	46.3	43.5	2.8	Include Future & Options business
Sub-total	251.8	51.8	200.0	144.6	55.4	
Other	346.0	0.0	346.0	326.1	19.9	
Total	597.8	51.8	546.0	490.6	75.3	

LBI

In US\$ billions

	9/15/2008 estimate ¹	8/31/08	11/30/2007	11/30/2006
Cash and Cash Equivalents	1.3	0.3	0.4	0.5
Cash and Securities Segregated	0.0	8.6	8.0	3.3
Inventory	64.0	55.3	85.6	73.9
Matched Book	10.0	155.9	177.1	148.1
Receivables	0.0	14.8	21.6	14.5
Investments in Subsidiaries	0.0	1.9	1.5	1.3
Intercompany Receivables	0.0	65.6	78.2	65.7
Total Assets	75.3	302.4	372.4	307.3
Short Positions	56.0	46.5	52.4	58.4
Matched Book	10.0	108.0	110.0	88.1
Payables	0.0	22.9	26.3	19.3
Intercompany Payables	0.0	113.4	174.1	131.7
Subordinated Notes	7.0	7.4	5.2	5.8
Total Liabilities	73.0	298.2	367.9	303.3
Shareholders Equity	2.3	4.2	4.4	4.0
Total Liabilities & Shareholders Equity	75.3	302.4	372.4	307.3
Commission		1.1	1.5	1.2
Trading		(5.6)	(2.9)	2.0
Other revenues		3.1	3.0	2.9
Net interest income		1.5	0.4	0.4
Net Revenue		0.1	2.0	6.5
Compensation and benefits		0.7	1.0	3.2
Non-personnel expenses		0.9	1.2	1.1
Total expenses		1.6	2.2	4.3
Income before taxes		(1.5)	(0.2)	2.2
Headcount		7,235	7,456	7,351

¹ Shareholders equity impact assumed to be retained earnings roll-on; not to infer capital structures.

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From: McCosker, Tom: Finance (NYK)
Sent: Tue, 16 Sep 2008 05:49:36 GMT
To: Stone, Jonathan: Barclays Treasury (LDN); Haworth, Richard: Barclays Capital (LDN); Castell, Bill: ; Meredith-Jones, Daniel:
CC: Romain, Gary: Finance (LDN); Clackson, Patrick: Finance (LDN)
Subject: Acquisition Summary

All,

Please find attached current summary (first tab). The PC used was installed with an updated version of Excel - in case you experience any difficulties opening, it is replicated below:

Inventory - net: \$60.5bn (book value \$64bn, Writedown \$3.5bn)
7th Avenue office: \$1bn
Other non-financial assets: \$1.2bn
Short positions (\$56bn)
Bonus accrual (\$1.3bn)
External subordinated notes (\$0.2bn)

Net assets: \$5.2bn

Consideration: \$1.5bn

Giving negative goodwill of \$3.7bn

Regards,

Gary Romain (using Tom's email...)

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Acquisition summary

	\$bn
Inventory - carrying amount	64
Inventory - valuation adjustment	-3.5
Inventory - total	<u>60.5</u>
7th Avenue	1
Non-financial assets	1.2
Total assets	<u>62.7</u>
Short positions	-56
Bonus accrual	-1.3
External sub notes	-0.2
Total liabilities	<u>-57.5</u>
Net assets	5.2
Consideration	<u>1.5</u>
Negative goodwill	<u><u>3.7</u></u>

NB: Net customer balances are not acquired/assumed

	LBI		Barcap	
	Direct / Allocated	LBI Ongoing	Assumed liability 6M	Saving to liquidator
Salary	1,000	1,307	654	218
Production Compensation	200	261	131	44
Payroll Taxes	200	261	131	44
Severance accrual	100	131		
Other Comp & Benefits	400	523	261	87
Bonus		1,500	1,100	1,100
Severance			614	614
Total Comp Benefits	1,900	3,984	2,890	2,106
Brokerage, clearance and dist	432	432	0	0
Occupancy / Equipment	156	300	150	150
Technology & Comm	300	725	363	363
Professional Fees / Other	312	475	238	238
Total non-comp	1,200	1,932	750	750
Total	3,100	5,916	3,640	2,856

	\$bn
US fixed assets	2507
less: 745 7th avenue (building)	-440
745 7th avenue (improvements)	-128
745 7th Avenue (fixtures)	-24
Littleton, CO	-33
Scottsbluff, CO	-30
85 10th Avenue	-34
Canada SkyPower	-307
Townsend Chicago	<u>-36</u>
Book value	1475
Valuation adjustment (20%)	<u>-295</u>
Fair value	<u><u>1180</u></u>

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From: McCosker, Tom: Finance (NYK)
Sent: Tue, 16 Sep 2008 05:50:27 GMT
To: Haworth, Richard: Barclays Capital (LDN)
CC: Clackson, Patrick: Finance (LDN)
Subject: Project Green presentation

Project Green presentation.

-----Original Message-----

From: Rudofker, Beth [mailto:brudofke@leluman.com]
Sent: Tuesday, September 16, 2008 1:29 AM
To: McCosker, Tom: Finance (NYK)
Subject: Fw: LBI_09.14.08_v2.ppt

----- Original Message -----

From: Lyons, Timothy G
To: Osborne, Michael; Rudofker, Beth
Sent: Mon Sep 15 12:40:07 2008
Subject: FW: LBI_09.14.08_v2.ppt

From: Coku, Edmond Z
Sent: Monday, September 15, 2008 12:27 AM
To: Lyons, Timothy G
Subject: LBI_09.14.08_v2 <<LBI_09.14.08_v2.ppt>> .ppt

<<LBI_09.14.08_v2.ppt>>

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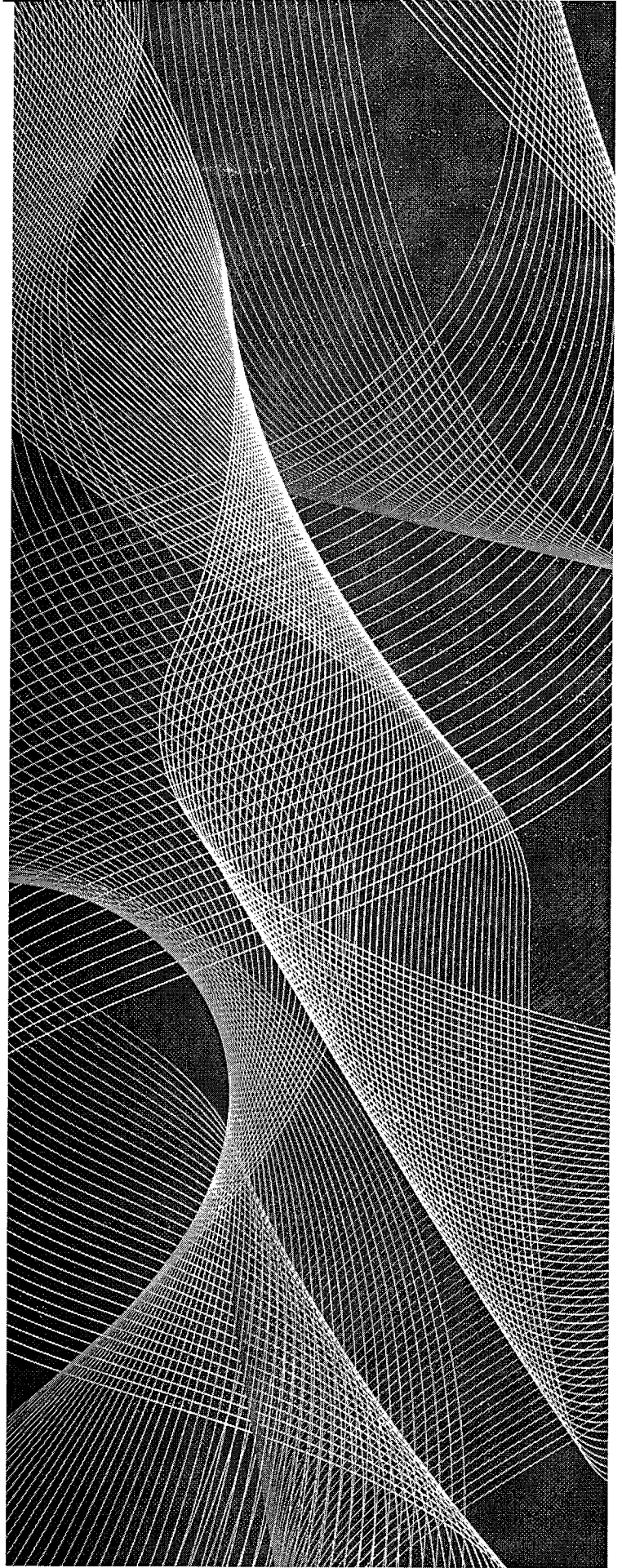
IRS Circular 230 Disclosure:

Please be advised that any discussion of U.S. tax matters contained within this communication (including any attachments) is not intended or written to be used and cannot be used for the purpose of (i) avoiding U.S. tax related penalties or (ii) promoting, marketing or recommending to another party any transaction or matter addressed herein.

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LEHMAN BROTHERS

Project Green



Confidential Presentation

Business Description

Substantially all of Lehman's U.S. Fixed Income and Equities Cash trading businesses, Investment Banking operations and Private Client Brokerage.

Businesses	Headcount			
	Fixed Income	Equities	Investment Banking	Investment Mgt
◆ Treasuries	◆ Cash trading	◆ HNW brokerage	◆ IT	◆ Operations
◆ Agencies	◆ Programs	◆ Investment grade debt origination	◆ Middle Market institutional (ICG)	◆ Other Corp
◆ Asset Backed	◆ Stat Arb	◆ High yield origination	◆ Private Equity	
◆ Munis	◆ Liquid Markets	◆ M&A advisory		
◆ Corporates	◆ Prop			
◆ CMBS	◆ Equity Strategies (proprietary trading)			
◆ Private Label CMOs	◆ Research			
◆ FX cash				
◆ Futures				
◆ Research				
	1,115	861	1,237	1,257
				Ops: 1,005
				IT: 607
				Other: 462

LBI Balance Sheet

Assets (\$B)

	8/31/2008	Comments
Cash & Cash Equivalents	\$0.3	Compared to \$1.4B at 9/14
Cash & Securities Segregated	8.6	
Inventory	55.3	Liquid securities books. Details on following page
Matched Book	155.9	Comprises \$94B of reverse repos and \$62B of borrows
Receivables	14.8	Includes clearing houses \$3B, customers \$6B, and fails \$3B
Investments in Subsidiaries	1.9	
Intercompany Receivables	65.6	Refer to page 4
Total Assets	\$302.3	

Liabilities & Shareholders Equity (\$B)

	8/31/2008	Comments
Short Positions	\$46.5	Liquid Securities
Matched Book	108.0	Comprises \$101B repos and \$7B loans
Payables	22.9	Includes clearing houses \$2B, Broker/Dealer \$12B, fails \$5B
Intercompany Payables	113.4	Refer to page 4
Subordinated Notes	7.4	\$6.5B due to LEH Holding
Shareholders Equity	4.2	
Total Liabilities & Shareholders Equity	\$302.3	

LBI Inventory Detail

Total Securities & Other Financial Instruments Owned (\$B)

	<u>8/31/2008</u>
Government & Agencies	\$30.2
Commercial Paper & Other Mmkt Instruments	1.2
Mortgages & ABS	6.5
Corporate Debt & Other	5.4
Corporate Equities	9.3
Derivatives & other Contr. Agreements	<u>2.8</u>
Total Securities & Other Fin. Instruments Owned	\$55.3

LBI Intercompany Receivables/Payables

Intercompany Receivables and Payables (\$B)

	LEH Holdings	LBIE	Other HoldCo Subsidiaries	Other LBI Subsidiaries	Total
Receivables From:					
Matched Book - repo	\$0.3	\$2.1	-	\$9.7	\$12.1
Matched Book - borrows	-	44.8	-	4.5	49.3
Other	-	3.8	-	0.4	4.2
Total	\$0.3	\$50.7	-	\$14.6	\$65.6
Payable To:					
Matched Book - repo	20.7	13.5	8.9	1.6	44.7
Matched Book - borrows	-	39.2	20.7	2.0	61.9
Other	0.7	-	3.1	2.7	6.5
Total	\$21.4	\$52.7	\$32.7	\$6.3	\$113.1

LBI Indicative Revenues

2008 Annualized Run-rate Revenues (\$M)

Interest Rate Products	558
High Yield, Incl. Origination	(95)
Foreign Exchange	261
CDO	(10)
Municipals	131
Real Estate	(60)
Securitized Products	902
High Grade, Incl. Origination	685
Other	(347)
Fixed Income	2,025
Liquid Markets Americas	1,191
Equity Strategies	287
Convertibles	387
Other	257
Equities	2,123
Prime Services	1,179
Private Investment Management	457
M&A Advisory	534
Principal Investments	(350)
Other	(357)
Total Revenue	5,611

LBI Indicative P&L

2008 Annualized Run-rate Income Statement (\$B)

Total revenues	\$5.6
Salary	1.4
Production compensation	0.2
Payroll taxes	0.2
Severance	0.1
Other comp & benefits	0.4
Total comp, ex bonus	\$2.3
Brokerage & clearance	0.2
Occupancy/equipmnt	0.2
Communications	0.2
Professional fees/other	0.6
Total non-personnel expense	\$1.2
Pretax, excluding bonus	\$2.1

Americas Equities Rank (1)

Pro Green Brown Forma		
Cash	(Volume)	
NASDAQ	4	-
NYSE	8	-
Greenwich	2	-

July 2008 YTD – IBD Fee Share Rank⁽³⁾

BROWN				
Origination				
M&A	Equity	Debt	HY	Total
47	41	4	12	13
82	49	11	15	18

Pro Forma ⁽²⁾				
Origination				
M&A	Equity	Debt	HY	Total
4	5	3	7	3
7	8	4	5	6

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1. Source: Greenwich market share results.
2. Rank based on 2008 volume market share
3. Pro forma market share after dis-synergies of 50% of smaller player market share in each product. Source: I/B fee share model. Rank based on fee share July 2008 YTD.

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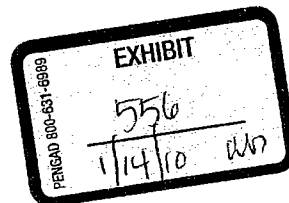
From: Hodge, Alasdair: CFG Mgmt (LDN)
Sent: Tue, 16 Sep 2008 07:42:52 GMT
To: Machell, Carole: Operations (LDN); Chapman, Paul: Operations (LDN);
Freeborn, Philip: IT (LDN); Schwarz, Christoph: IT (LDN); Garcha,
Sarvjeet: Treasury (LDN); Sterling, Harriet: Treasury (LDN); Morse,
Stephen: Compliance (LDN); Whitehouse, Sharon: HR (LDN)
CC: Logozzo, Joseph: Markets (NYK); Stack, Tim: Futures (NYK)
Subject: URGENT-TIME SENSITIVE: Lehman Futures Business

Importance: High

As you may have heard, we are evaluating the potential acquisition of the Lehman Futures business. We need to quickly assess and make a decision later today. Attached is a document including situation overview, benefits, risks, key transaction requirements and key next steps. Please review and reply with your thoughts and your area's relevant assessment as soon as possible.

Please work with Joe Logozzo & Tim Stack if you have any questions / concerns.

AI



BRIEFING MEMO - Page 1
September 15, 2008

To: Alasdair Hodge
From: Tim Stack
Subject: Potential Acquisition of Lehman Brothers' ("LB" or "Lehman") Futures
Business
Date: Monday, September 15, 2008

OBJECTIVE:

Evaluate the possibility of acquiring Lehman Brothers' futures business in a very timely fashion with little impact to their clients. LB has indicated that the desired transaction is to happen by Tuesday afternoon in order to retain their most valuable clients. In order to achieve this result Barclays would have to follow a two-step transaction: 1) assume LB's clearing clients and guarantee their obligations under current documentation, including temporarily taking on Lehman staff and technology services, and 2) novating the clients to Barclays and permanently integrating them under Barclays' umbrella.

SITUATION OVERVIEW:

On Friday September 12th, the Chicago Mercantile Exchange ("CME") approached Tim Stack at Barclays Capital regarding potentially taking over LB's proprietary and client futures positions. On Sunday night Lehman Brothers approached Barclays about the possibility of transferring all its customer futures accounts (segregated and secured) to Barclays. Jeff Jennings, the Head of LB's Global Futures Business, contacted Tim Stack via the CME to initiate the conversations. We have had follow-up meetings with Lehman's business and operations staff today. Barclays' team included representatives of Compliance, Operations, Futures business as well as external legal counsel from Sullivan & Cromwell ("S&C").

Lehman Brothers' Futures Business Overview: Lehman's futures business consists of ~100 institutional clients and total global futures revenues of approximately \$250 million. Current client deposits are ~\$4.6 billion in segregated funds and ~\$1.8 bln in secured funds. These fund balances are 32% lower than the balances at the end of July where segregated funds totalled \$6.4 billion and secured funds totalled \$3.2 billion. We are awaiting their current net capital requirement, but expect it to be lower than their July month end requirement \$424 million (8% x maintenance margin of \$5.3 billion). Lehman's client base is skewed toward real money asset managers. Lehman Futures operates under two legal entities: LBI is the U.S. based FCM and accounts for 80% of their business; LBIE is their European based FCM which accounts for the balance. Lehman does have other legal entities on some of the Asian exchanges with omnibus accounts for the two primary legal entities.

TRANSACTION BENEFITS AND RISKS:

Benefits to Barclays: Taking over the LB business will allow Barcap to double its business by adding annual revenues of ~\$250 million. The addition of the LB client base provides a greater diversification to Barcap's current client base into real money asset managers, which is a priority for Barclays. The business is also complementary to our market position as Lehman is strongest in the U.S. while Barclays is strongest in Europe.

Barclays' Positioning: The Barclays team was given indication by the LB team that at this stage Barclays is looking at the business on an exclusive basis. Given the turmoil in the financial industry and recent events surrounding B of A's take over of Merrill Lynch, we believe that the only other potential competitor for the business could be Goldman Sachs should we fail to reach an agreement on a transaction.

Key Risk: Loss of key clients due to inability to execute an expedient transaction

BRIEFING MEMO - Page 2
September 15, 2008

KEY TRANSACTION REQUIREMENTS AND NEXT STEPS:

- 1) Legal Framework to Facilitate Transaction within LB's Chapter 11 Filing:
 - Given LB's Chapter 11 filing last night, Barclays must obtain an explicit protective order from the Bankruptcy Judge in order to have assurances against potential subsequent legal proceedings and avoid preference issues. Legal documents must be put in place and approved by bankruptcy court in order for Barclays to have temporary reliable access to the required technology services. These services include futures trading technology (Pats and Tradepipe), futures clearing systems (R&N and Clearvision), post-trade web portal and customized allocation, reporting and allocation solutions. We have engaged S&C as legal adviser and they are currently drafting the legal documentation for the potential approach to the court. It will be a challenge to have this in place by tomorrow afternoon.
- 2) Additional Capital Requirements:
 - Taking on \$6.4 billion of client deposits is expected to require Barclays to increase net capital by approximately \$300 million. This estimate is based on a previous requirement of \$424 million on total client deposits of \$9.6 billion. Since deposits have decreased 32%, we expect similar decrease in capital requirements (Barclays has asked Lehman for more detail on their current capital requirement). We require senior management approval related to such capital increase.
- 3) Cost and Temporary Access to Lehman Staff:
 - To effect step 1 of the potential transaction, Barclays would need to temporarily take on key Lehman front office, operations and IT staff and systems. LB indicated to us that total front office staff is comprised of 67 employees, including 16 sales-trading staff. Total client service staff is comprised of 34 people. Total clearing operations staff is 80 people. Total staff estimate is 181 people. We have to coordinate with Barclays Human Resources on putting in place an interim employee plan. [do we have enough info and want to talk about the potential Transition Services Agreement here?]
- 4) Key Transaction Setup Areas:
 - Barclays KYC, Credit and Compliance must approve all new clearing relationships. Frank Principe (KYC) and Doug Freedman (Compliance) are spearheading the effort and have agreed that only KYC Lite (sanction checks, OFAC, negative news) process will be followed for new Lehman clients. Compliance and KYC agreed they are comfortable with this as Lehman is a registered and regulated broker dealer. Credit will be involved in approving new accounts, but does not expect this to be an issue for a sizable majority of the accounts given their composition.

BCI EXHIBIT

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From: Tonucci, Paolo [paolo.tonucci@lehman.com] Sent: 9/16/2008 5:57 AM.
To: Lowitt, Ian T [ilowitt@lehman.com]; Kelly, Martin [martin.kelly@lehman.com].
Cc:
Bcc:
Subject: Re:

Fantastic. Great work.
Paolo

----- Original Message -----

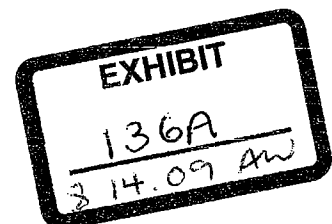
From: Lowitt, Ian T
To: Kelly, Martin
Cc: Tonucci, Paolo
Sent: Tue Sep 16 05:33:59 2008
Subject: Re:

You are a hero. Well done. Ian

-----Original Message-----

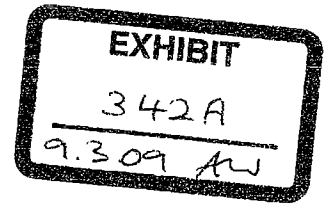
From: Martin Kelly
To: Ian Lowitt
Cc: Tonucci, Paolo
Sent: Sep 16, 2008 5:10 AM
Subject:

Well it took all night and lots of back and forth but the deal is done and ready for the Board. Final price did not change meaningfully - approx a \$5b all in economic loss versus our marks and \$3.6b of resi assets left behind. Assume we can fund this after everything else winds down but paolo you need to review this. Also, an extra \$1b of comp beyond our accrual and assumption of all trade payables in LBI and LBHI. Took 745 for \$1b and several data centers for \$400mm. Bart reviewed all of it before final agreement. I'm going to try to get some sleep and will be in mid morning.



BCI EXHIBIT

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From: Clackson, Patrick: Finance (LDN)
Sent: Tue, 16 Sep 2008 09:52:39 GMT
To: Walker, James: Finance (NYK)
Subject: Fw: Board Deck

From: Haworth, Richard: Barclays Capital (LDN)
To: Clackson, Patrick: Finance (LDN); Walker, James: Finance (NYK)
Cc: Ricci, Rich: Barclays Capital
Sent: Tue Sep 16 10:50:53 2008
Subject: Board Deck

I know the numbers have been moving until frustratingly late - need you to confirm you are happy that they are right per the attached (all based off latest from your team). Key pieces to confirm:

- 1) Gross assets, WRAs, purchase price and negative goodwill per page 2
- 2) Specific staff numbers page 2
- 3) Balance sheet category breakdown of the \$75bn, p5
- 4) Profit forecast page 6 (looks a little uninspiring and drives a negative EP/EPS in year 1 due to this and the raising of the capital)
- 5) Synergies not shown (we have used the \$0.6bn post tax, split -\$0.6bn revenue and \$1.35bn cost savings (62% of Long Island 2007 cost base), plus \$600m integration costs)

Thx

<<2008 09 16 - Board deck v4.ppt>>

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Project Long Island
Board discussion materials
16 September 2008

Executive Summary

- We are asking for approval to purchase the US broker dealer operations of Long Island
- This transaction strongly supports our strategy and would materially enhance the Barclays Capital US position, and further diversify our earnings stream by product and geography.
- In this transaction, we would hire the staff of the broker dealer and assume a portion of its assets and liabilities
 - We intend today to seek permission from the US bankruptcy court to acquire the business
 - We would acquire \$75bn of assets and liabilities. The business would include RWA of \$13.5bn
 - We would offer \$250m to acquire the business and we are buying \$1.5bn worth of company-related property (HQ and data centres). The recognition of negative goodwill amounts to \$3.0bn pre tax (\$2bn post tax)
 - We would issue 612m shares to fund the capital required to operate the broker dealer. This would be from either Sumitomo, ICD or the QIA. As a backup, we are arranging volume underwriting from CS, DB and JPM.
- This transaction structure mitigates some of the risks that we previously identified
 - It significantly reduces the amount of assets we acquire
 - We extract "clean" assets and contracts out of Long Island
 - Our consolidated equity ratio rises by an estimated 60bps as a result of the amount of equity funding we intend to raise connected to the deal
- There are three primary risks outstanding
 - If we do not get a fixed price from the major investors (Sumitomo, ICD, QIA) before announcement, we take the risk that the share issuance raises less than the \$3.4bn current market value of these shares.
 - We have performed accelerated due diligence and there will be a number of loose ends upon separation from Long Island (e.g. continuation of Group Services)
 - We will be subject to a US legal process which is unpredictable
- **We are seeking Board approval for the transaction and to issue 612m Barclays shares**

What are we buying?

- Acquiring the businesses previously undertaken in Long Island's US Broker Dealer entity
- The deal would include
 - Both the Capital Markets and Investment Banking businesses including OTC derivative trading desks
 - All regulatory licenses and approvals
 - \$1.5bn purchase of the HQ (\$1bn) and data centres (\$500m) at a 6% discount to current market value
 - 5,810 front office staff and c. 3,000 back office support staff
- The deal would exclude
 - Investment Management and Neuberger Berman
 - Outstanding OTC derivative contracts
- The transaction will be effected through an asset transfer into Barclays Capital Inc

The transaction is now focused on adding the most valuable parts of LI to fill Baltimore's gaps

		Baltimore			Long Island			Key Benefits
		Americas	EMEA	Asia	Americas	EMEA	Asia	
Included in deal	M&A	x	---	✓	✓✓	--- (12)	--- (13)	1 Significantly strengthen Barclays Capital's position in the US/Americas • In line with Barclays Capital's strategy • Area of highest impact of LI addition to Barclays franchise
	ECM	x	x	x	✓✓	✓	---	
	Wealth Management	x	✓	✓	✓	---	---	
Baltimore's IBIM gaps								2 Adding significant new product capabilities • With the merger of BofA and ML, the I-banking market is now dominated by Domestic Universal Banks that combine ability to lend with good M&A capabilities • It is key for Barclays Capital to add this capability to remain competitive in the US Top Tier
Baltimore's IBIM strengths	Investment Banking - Debt	✓	✓✓✓	✓	✓✓	✓	---	3 Become a Top 5 player in the Americas in existing Capital Markets businesses • Both M&A and ECM capabilities in the US can then be extended to the rest of the World
	Capital Markets - FICC + Eq. linked	✓	✓✓	✓	✓✓	✓	---	
	Asset Management	✓✓✓	✓✓✓	✓✓✓	✓	✓	✓	
✓✓✓ Top 3 player	✓✓ Top 5 player	✓ Top 10 player	✓ Top 10 player	---	Outside Top 10	x No Capabilities		

Source: Thomson, Coalition, S&P analysis

Total Assets in New Transaction are \$75bn

\$bn	Long Island Starting Position	Excluded Original Transaction	Excluded New Transaction	New Transaction Included	Description
Mortgage	55.0	24.0	24.5	6.5	Secondary Mortgage Securities and ABS products
Real Estate	18.6	8.6	10.0	0.0	
Corporate Debt	41.7	8.7	27.6	5.4	Secondary US Corporate Debt
Corporate Equities	43.2	10.5	23.4	9.3	Cash Equities and Exchange traded business
Government & Agencies	42.3	0.0	12.1	30.2	US Government & Agencies business
CP and other MM instruments	4.6	0.0	3.4	1.2	
Derivatives and Other contracts	46.3	0.0	43.5	2.8	Include Future & Options business
Sub-total	251.8	51.8	144.6	55.4	
Other	346.0	0.0	326.1	19.9	
Total	597.8	51.8	470.7	75.3	

Income statement of the business we are acquiring

P&L

	2006 (A)	2007 (A)	H1 2008 (A)	2008 (F)	2009 (F)	2010 (F)	2011 (F)
Net interest income	435,305	387,089	1,490,587	2,235,880	460,000	420,000	441,000
Total Commissions	1,234,235	1,455,142	1,070,779	1,228,873	290,317	1,354,832	1,422,574
Total Firm trading	2,019,024	(2,901,603)	(5,586,898)	(5,503,553)	1,000,000	1,050,000	1,102,500
Other Income	3,254,977	3,451,633	3,870,490	4,916,720	3,978,135	4,192,042	4,414,144
NET REVENUE	6,508,236	2,015,917	(645,630)	642,040	6,268,452	6,596,875	6,939,218
Compensation	(3,213,924)	(995,891)	(735,313)	(3,583,000)	(3,762,150)	(3,950,258)	(4,147,770)
Other expenses	1,066,296	1,190,806	883,690	(1,325,536)	(1,391,812)	(1,461,403)	(1,534,473)
TOTAL EXPENSES	(4,280,220)	(2,186,697)	(1,619,003)	(4,908,536)	(5,153,962)	(5,411,661)	(5,682,244)
Income before taxes	2,228,014	(170,780)	(2,264,633)	(4,266,496)	1,114,490	1,185,214	1,256,975
Taxes	912,844	(243,458)	(996,538)	(1,877,258)	490,375	521,494	553,069
Profit after Tax	1,315,170	114,257	(1,268,095)	(2,389,238)	624,114	663,720	703,906
NET INCOME AFTER TAXES	1,948,137	1,810,031	(2,227,317)	(2,389,238)	624,114	663,720	703,906
Compensation breakdown							
Salaries	(718,806)	(805,820)	(607,874)	(1,307,000)	(1,372,350)	(1,440,968)	(1,513,016)
Benefits	(234,101)	(173,813)	(138,172)	(523,000)	(549,150)	(576,608)	(605,438)
Production Comp.	(175,890)	(205,554)	(146,688)	(261,000)	(274,050)	(287,753)	(302,140)
Bonus	(1,921,444)	378,250	333,758	(1,100,000)	(1,155,000)	(1,212,750)	(1,273,388)
Other (ie: Long Term Comp)	(183,242)	(188,959)	(176,339)	(392,000)	(411,600)	(432,180)	(453,789)
TOTAL COMPENSATION	(3,233,482)	(995,896)	(735,315)	(3,583,000)	(3,762,150)	(3,950,258)	(4,147,770)
COMP / REVENUE RATIO	49.38%	49.40%	-113.89%				
EFFECTIVE TAX RATE	40.97%	142.56%	44.00%				

Estimated current
monthly expenses of
\$400m

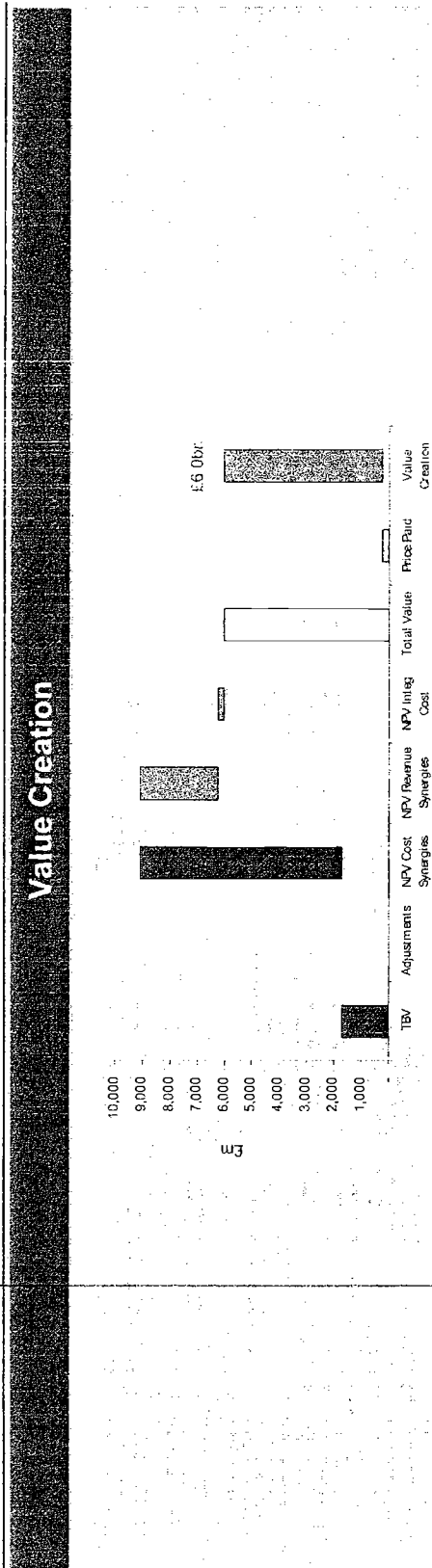
The transaction improves our Group Equity ratio by 60bps and the Solus ratio by 41bps, assuming we raise \$3.12bn of equity (10% discount to current)

[illegible]

The equity ratio is significantly improved versus the prior deal due to – a lower RWA requirement; the absence of \$6bn of negative NAV adjustments (own credit and deferred tax); and lower consideration to the vendor (\$3,000,000,000).

- 1) 2) 3)

Value creation is driven by cost synergies and reflecting a low price



Financial Effects

	2008	2009	2010	2011	09-11 CAGR
£m					
Baltimore - Reported Attributable PAT	3,547	4,575	5,542	6,096	15%
Long Island - Reported Attributable PAT		364	393	421	8%
Synergies Inc. transaction costs (post-tax)			383	391	na
Total	2,401	4,924	6,318	6,908	18%
Cash EPS (£)					
Pre	0.50	0.58	0.70	0.77	15%
Post (post-restructuring costs)		0.58	0.74	0.81	18%
Accretion/dilution		-0.1%	5.7%	5.1%	na
EP impact (£m) - post-integration charges		337	759	770	na
ROCE (%) - post-integration charges		133.4%	252.2%	143.7%	na

We will look to issue 612m shares to capitalise the purchased assets

Capital Raising = £1.8bn

- We are seeking to raise £1.8bn (\$3.4bn)
- We can issue up to 612m shares without shareholder approval ⁽¹⁾

Reference Investors = £800m +

- We have approached the QIA, ICD and Sumitomo to subscribe to the equity raising
 - We are seeking commitments from these investors. The issue price cannot exceed a 5% discount to the Barclays share price at the time of the announcement
- It may be that, particularly for Sumitomo, the investors cannot commit in time for an announcement, in which case we will agree a bank underwriting (see below)

Bank underwriters = up to £1bn

- We are seeking commitment from Credit Suisse, JPMCaz and Deutsche to execute a placing of up to 612m Barclays shares within 15 days ⁽²⁾
- The banks will execute the issuance within ABI discount guidelines (<5% of price at time of pricing) and within UKLA guidelines (<10% of closing price on the day prior to issuance)
- The price is not guaranteed and so proceeds may fall below \$3.4bn

1) Un-issued authorised share capital limits the raising to 612m shares or £1,840m at close price of 316p on 15th September

2) Banks will have flexibility to execute on any day within 15 day period in order to allow them to 'feel' for market conditions and have the greatest opportunity to fill the issuance

Remaining issues

Remaining issues/Risks and mitigants

- The proceeds of the equity raising cannot be guaranteed at announcement unless reference investors subscribe at a fixed price
- If Barclays share price falls, less capital is raised, however, the negative goodwill arising from the transaction will still improve Barclays equity ratio (by a minimum of 16bps if zero capital is raised)
- Transaction is subject to US legal process and the decision of the judge. There is no certainty that our proposed deal timetable will be followed by the judge
- Business separation issues – ring fencing/ identifying the key assets/ contracts. This is the limitation of accelerated due diligence
- Requisite US and UK regulatory clearances

APPENDIX

Transaction completion is anticipated for Friday, but will be subject to a judge's discretion and HSR process

W/C 15th September						
T	W	TH	F	SA	SU	
16	17	18	19	20	21	
Barclays Board meeting						
Underwriting commitment by banks						
Signing of subscription agreement with strategic investors						
Announcement by Barclays						
Submission of Barclays proposal to court						
Motion entered by Court						
Court approval of Barclays proposal ⁽¹⁾						
HSR submission and approval ⁽²⁾						
Sumitomo Board Meeting						
Set up cash box						
Sumitomo section 89 placing						
Strategic investors subscription ⁽³⁾						
Completion ⁽⁴⁾						
Transfer of assets and liabilities to Barclays						
Novation of contracts (employees, IT)						
Day 1 trading under Barclays name						

Notes:

- (1) Assumes that, given circumstances, court judge would allow for an expedited approval process; auction process subject to judge's discretion; could add up to 30 days to the process
- (2) Could take up to 30 days depending on willingness of DOJ
- (3) Assumes no standby underwriting by banks is required
- (4) Subject to court and HSR approval

**Americas market rankings clearly demonstrate LI's potential to enhance
Baltimore's market position in the Americas...**

Americas Market Position

Commodities	EM	FI Rates	Securitized Products*	FI Credit*	Prime Services	FX
MS	Citi	Goldman	CS	Goldman	Goldman	JPM
Goldman	CS	JPM	Long Island	Long Island	MS	Citi
Baltimore	UBS	BofA	JPM	JPM	JPM (Bear)	BofA
Merrill	JPM	Long Island	Deutsche	MS	Long Island	Deutsche
JPM	Deutsche	MS	BofA	BofA	CS	MS
	#7 - Baltimore	#6 - Baltimore	#6 - Baltimore	#7 - Baltimore	#9 - Baltimore	#7 - Baltimore

Top 3

5

CMBS	IG Bonds	IG Loans	HY Bonds	Lev Loans	Equities
Goldman	Citi	JPM	JPM	JPM	Goldman
JPM	JPM	Citi	CS	BofA	MS
BofA	Goldman	RBS	Citi	Citi	BofA
MS	Long Island	Wachovia	BofA	CS	Citi
CS	MS	BNP	ML	DB	Long Island
#17 - Baltimore	#10 - Baltimore	#9 - Baltimore	#15 - Baltimore	#17 - Baltimore	#13 - Baltimore

Top 3

5

* - Excluding writedowns/losses in 2007; 'normalized' years

Source: Business heads and COOs, Coalition, Strategy & Planning Americas analysis, Reuters, Thomson, Dealogic

...with excellent capability across the investment banking product set

Market Positions (2007)	
Primary	Primary Equity
	Primary Debt
	M&A Advisory
Secondary	Equities
	Fixed Income
	FX
	Commods
	EM

<ul style="list-style-type: none"> Long Island: #6 in US ECM revenues Long Island is #1 in US in global IPOs 	<ul style="list-style-type: none"> Baltimore #7 in global All Debt – addition of L.I. moves us to #1 with 10.8% Baltimore #3 in Intl. Bonds – addition of L.I. moves us to clear #1 with 10.9% share Baltimore #10 in USD Intl. Bonds – addition of L.I. moves us to #1 with 12.1% share
<ul style="list-style-type: none"> Long Island: Top 5 US player Accelerates Baltimore's recent investments in EM advisory services 	
<ul style="list-style-type: none"> Long Island: Top 5 player in the US, minor player outside US Baltimore: Top 10 equity derivatives player globally 	
<ul style="list-style-type: none"> Long Island: Top 5 player in the US Baltimore: Top 5 global player – addition of L.I. would create a Top 3 player in the US 	
<ul style="list-style-type: none"> Long Island: Top 11 player in North America Baltimore: Top 5 player globally and in North America - addition of L.I. would push us into Top 3 	
<ul style="list-style-type: none"> Long Island: Second tier player Baltimore: Top 3 player – L.I. would add little 	
<ul style="list-style-type: none"> Neither Long Island nor Baltimore are top tier players in EM Combination of both would create at least a Top 10 player 	

Source: Business heads and COOs, Coalition, Strategy & Planning Americas analysis, Reuters, Thomson, Dealogic

BCI EXHIBIT

186

From: Clackson, Patrick: Finance (LDN)
Sent: Tue, 16 Sep 2008 18:53:00 GMT
To: Castell, Bill:
CC: Romain, Gary: Finance (LDN); Weidler, Chris: Finance (LDN); Walker, James:
Finance (NYK)
Subject: FW: Scanned document from Douglas, Julia: Finance (NYK)

Bill this is completion balance sheet from draft docks, LI side not Barcap, gives the final asset split - neg good will from this method is sum of $2.25+2 = 4.25 - 1.35$ (a/cing liab) = 2.9

From: Douglas, Julia: Finance (NYK)
Sent: Tuesday, September 16, 2008 2:46 PM
To: Clackson, Patrick: Finance (LDN)
Subject: Scanned document from Douglas, Julia: Finance (NYK)

<<...>>

9/16/2008
11:18 AM

ASSETS		LIABILITIES	
Gov & Ag	\$40.0	ST Borrowings	\$0.0
Commercial Paper	1.1	Gov & Ag	21.0
Mortgages	2.7	Commercial Paper	0.0
Total Corp Debt	4.9	Mortgages	0.0
Corp Equity	8.8	Corp Debt	2.1
Derivatives	4.5	Corp Equities	6.3
Cash	0.7	Derivatives	4.5
Total	\$62.7	Total	\$33.9
Collateralized ST Agr	10.0	Collateralized ST Fund	34.5
Receivables	0.0	Payables	0.0
Other Assets	0.0	Deposits	0.0
Inv In Con Subs	0.0	Due To Subs	0.0
Due From Subs	0.0	Sub Notes	0.0
Total	10.0	Total	34.5
		Total	68.4
		Cure pmt	2.25
		Comp	2.0
		Total	\$72.65
		Total	\$72.65

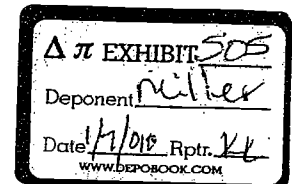
BCI EXHIBIT

187

From: BARRY RIDINGS/IB/LAZARD
Sent: 9/17/2008 12:00:25 PM
To: "LORI FIFE" <LORI.FIFE@WEIL.COM>
CC: DAVID DESCOTEAUX/IB/LAZARD@LAZARD NYC;ARTHUR
BRUHMULLER/IB/LAZARD@LAZARD NYC
Subject: Barclays: Lehman_Press_Release_

- Lehman_Press_Release_170908.url

Attachment: Lehman_Press_Release_170908.url



CONFIDENTIAL

LAZ-C-00045462

[InternetShortcut]

URL=http://www.investorrelations.barclays.co.uk/INV/A/Content/Files/Lehman_Press_Release_170908.pdf

Modified=406496D9BC18C901B1

CONFIDENTIAL

LAZ-C-00045463

BCI EXHIBIT

188

From: McCooey, Kevin
Sent: Wed, 17 Sep 2008 12:33:12 GMT
To: McDade, Bart
Subject: Private Investment Management

Bart

This division has 350 representatives with revenues of \$726 million - we are all holding on by a string and everyone I speak with does not want to leave - we currently have held on to 320 of 350 representatives. Nobody wants to leave yet we are in limbo. I have done my research - as has everyone else - and through it all, we want to stay together on this platform.

We just can not get an answer - are we part of this Private Equity Deal? Why wouldn't Barclays want us - it's a natural fit? The questions are endless but we are begging for one thing - a glimmer of hope that when all of this shakes out, we will have a role. All of us have offers but we do not want to leave - we have a profitable business, a cohesive unit, and will rebuild this unit.

We need some sort of guidance

Kevin

Kevin C. McCooey
Vice President
Lehman Brothers
212.526.7354
kmccooey@lehman.com

BCI EXHIBIT

189

From: Freeman, Roger
Sent: Wed, 17 Sep 2008 13:08:51 GMT
To: McDade, Bart; Donini, Gerald; Cunningham, Richard; Corcoran, Joseph J; Nagpal, Ajay; Whalen, Patrick J; Linde, Stuart M; Mattu, Ravi; Meyers, William (EQR); Gillin Lefever, Ann; Gresdo, Stephen J; Johnston, Eric; Everett, James; Abrahamsen, Ryan; Bertrand, Eric; Kramm, Alex; Truong, Steven M; Goldberg, Jason; Harting, Bruce W; Gelb, Jay; Berg, Eric; Jao, Andrea; Gross II, Richard G; Cornell, Robert; Chase, Gary; Freeman, Roger
Subject: Barclay's Conference Call Highlights From This Morning
Importance: High

Feel free to follow-up if you have additional questions or to pass along to anyone else who would be interested.

HISTORY OF DEAL

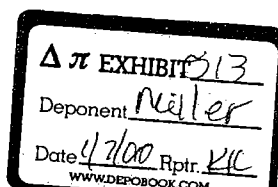
- * Looked at LEH months ago, but they were only interested in it at the right price
- * Did intense due diligence late last week and over the weekend.
- * They have approval from key shareholders who have committed to buy more stock

RATIONALE FOR THE DEAL

- * Strong franchise at a great price
- * BARC believes the advantage goes to those with a universal banking model with capital markets businesses that are well integrated
- * BARC believes there will be continued consolidation, particularly between investment banking and investment management and wants to have strong global presence in wealth, asset management and investment banking.

WHAT IS BEING ACQUIRED

- * Trading assets of \$72bn, liabilities of \$68bn
- * Risk-weighted assets being acquired are only \$15bn, \$13.5bn of which is trading assets (suggesting a low 18% risk-weighting across the trading assets) and \$1.5bn for the real estate acquired.
- * Of the \$72bn in assets acquired, risks are quite low as the vast majority are quoted equity and debt, government debt, agency debt, derivatives and cash in addition to the matched book.
- * There is a small amount of mortgage paper (< 5% of total assets), but this has been heavily marked including once more in conjunction with this transaction. Management noted that since it had done extensive due diligence over the weekend, it was in a position to know exactly which assets to bring over when it came time to making those decisions.
- * When asked why the net assets acquired were such a small fraction of the LEH balance sheet (essentially just a little more than 10%) relative to the number of people being brought over, BARC indicated that a significant number of positions have run off over the last week. In essence, LEH saw dramatic balance sheet shrinkage over the last week. Of course, the illiquid assets remain behind. BARC plans to ramp risk-weighted assets back up, but it will happen over time, not immediately.
- * 10,000 employees
- * Core of old LEH broker-dealer including all infrastructure
- * LEH HQ and 2 data centers
- * Cash consideration is \$250mm
- * Total consideration (incl real estate) of \$1.75bn



REVENUES OF LEHMAN BUSINESSES BEING ACQUIRED

* BARC indicated that the revenue generating capacity of the businesses being acquired is about half of what LEH has done historically.

RELATIVE STRENGTHS AND WEAKNESSES

* BARC noted LEH rel strength in (1) cash equities and origination franchise (2) credit trading and research and (3) M&A. Specifically, BARC labeled the US cash equities franchise as a "machine" and suggested the integrated sales, trading, research and investment banking platform at LEH is stellar and does not want to interfere with it. BARC was highly complementary of existing cash equities management.

* BARC considers its own rates, currencies, commodities and IG debt businesses as stronger than LEH's.

* Other businesses such as leveraged finance can together be stronger players.

NON-US INTEREST

* BARC said it is in active discussions to bring equivalent talent in the integrated sales, trading, research and investment banking platform in Europe into the combined organization. They understand that they need to act fast on this.

APPROVALS

* BARC has the blessing of the FSA and has already received approvals from the SEC. Only outstanding approval is from the bankruptcy court, and management wouldn't comment on the likely outcome of those proceedings for obvious reasons.

INTEGRATION

BARC plans to move swiftly to integrate, suggesting it will be done over a couple of weeks and expects everyone to be "adults" about it. That said, management emphasized the highly complementary nature of the transaction.

CAPITAL REQUIREMENTS

* This transaction, due to \$2bn in after-tax negative goodwill is accretive to capital ratios immediately.

* BARC is planning to raise \$1bn in additional equity, half of which will be to grow the business and half of which will be to build an extra capital buffer relative to target ratios (presumably to shield against potential future writedowns)

* Will be accretive to earnings in year 1 including the impact of the additional capital raise

* BARC views this as a high ROE transaction

RETENTION

* BARC believes LEH and BARC have shared vision and values

* BARC believes in pay for performance and believes that is aligned with LEH culture. No more specifics were discussed.

Regards,

Roger A. Freeman, CFA

Senior Vice President

Lehman Brothers U.S. Equity Research

Brokers, Asset Managers and Market Structure

745 7th Ave, 17th Floor

New York, NY 10019

Phone: (212) 526-4662

Fax: (646) 758-1454

E-Mail: roger.freeman@lehman.com

BCI EXHIBIT

190

From: McDade, Bart
Sent: Wed, 17 Sep 2008 13:10:38 GMT
To: Freeman, Roger
Subject: Read: Barclay's Conference Call Highlights From This Morning
Importance: High

Your message

To: McDade, Bart; Donini, Gerald; Cunningham, Richard; Corcoran, Joseph J; Nagpal, Ajay; Whalen, Patrick J; Linde, Stuart M; Mattu, Ravi; Meyers, William (EQR); Gillin Lefever, Ann; Gresdo, Stephen J; Johnston, Eric; Everett, James; Abrahamsen, Ryan; Bertrand, Eric; Kramm, Alex; Truong, Steven M; Goldberg, Jason; Harting, Bruce W; Gelb, Jay; Berg, Eric; Jao, Andrea; Gross II, Richard G; Cornell, Robert; Chase, Gary; Freeman, Roger
Subject: Barclay's Conference Call Highlights From This Morning
Sent: Wed, 17 Sep 2008 09:08:51 -0400

was read on Wed, 17 Sep 2008 09:10:38 -0400

BCI EXHIBIT

191

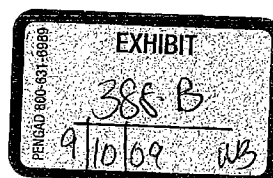
From: Yang, Jasen: Markets (NYK)
Sent: Wed, 17 Sep 2008 14:58:19 GMT
To: Walker, James: Finance (NYK)
CC: King, Stephen: Markets (NYK)
Subject: LBI Balance Sheet Tieout

This is the balance sheet summary I'm trying to tie out to. Stephen thought you had something that he looked at and tied to this sheet "within a billion or so"— let me know if you can figure what that is and if it'd be helpful.

We know that the listings we have of "Corp Obligations" and "Corp Stocks" do not tie out to the summary (we come out too low in each case), and we don't have listings for the "Derivatives" category. The CDs/Money Markets, Governments & Agencies, and Mortgages figures we are able to tie out with the asset listings we were given Monday (although we understand the from Clement Bernard that the "Governments & Agencies" book is shrinking as trades are unwound). Clement is trying to get us detail on the Derivatives line item.

<<...>>

Jasen Yang
Barclays Capital
Principal Mortgage Trading Group
200 Park Avenue
New York, New York 10166
jasen.yang@barclayscapital.com
Tel: (212) 412 7613
Fax: (212) 412 5861



Lehman Brother Inc
Balance Sheet by GAAP Asset Type
9/12/2008

GAAP Asset Class 1 Name	Net Long Inventory
Total CD's and Other Mon Mkt Instr. Total	1,014,274,052
Total Corp. Obligations & Spot Total	5,445,203,903
Total Corporate Stocks & Options Total	8,431,893,804
Total Derivatives & Other Contr. Total	4,838,239,449
Total Governments & Agencies Total	39,173,255,499
Total Mortgages & Mortgage Backed Total	6,556,480,569
Grand Total	65,155,327,276

Lehman Brother Inc
Balance Sheet by GAAP Asset Type
9/12/2008

GAAP Asset Class 1 Name	Net Short Inventory
CD's & Other Money Market Total	0
Total Corp. Obligations & Spot Commodities Total	(2,003,710,797)
Total Corporate Stocks Total	(6,951,162,769)
Total Derivatives & Other Contr. Total	(4,535,705,349)
Total Governments & Agencies Total	(35,003,084,874)
Total Mortgages & Mortgage Backed Total	(15,959,609)
Grand Total	(48,509,623,397)

13.5

650

13.5

13.5

4.5

3.2

1.6

2.9

2.86

47-

96335Wf02

4-26

6.2

0.35

Furniture

Airplane

2-85 + 4K

CC

Remise

CLOR

8.4

3.8

3

3.8 Mortgages 4000 before 2.2

61.5
57.9

25.6

100

BCI EXHIBIT

192

Unknown

Sent: Monday, March 30, 2009 7:22 PM

From: Shapiro, Mark J. <mark.shapiro@lehman.com>
Sent: Wednesday, September 17, 2008 4:01 PM (GMT)
To: Mallory Weil <MWeil@Halstead.com>
Subject: RE: hey

Thanks. I had to quarterback the rescue over the weekend, so did not sleep for 3 days, but with Barclays taking it over, at least there are 10,000 jobs safe for now. Thanks for the email.

From: Mallory Weil [mailto:MWeil@Halstead.com]
Sent: Wednesday, September 17, 2008 10:56 AM
To: Shapiro, Mark J.
Cc: Gitelle, Sharon
Subject: hey

You ok over there? I say yes, since your job is perfect for this market. Just wanted to let you know that Sharon and I are thinking of you and hope all is well.

Mallory

Mallory Weil

Vice President

Halstead Property, LLC

212-381-6589 (w)

917-453-4696 (c)

mweil@halstead.com

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MWeil@Halstead.com <mailto:MWeil@Halstead.com?subject=PLEASE REMOVE FROM YOUR LIST>

7/27/2009

137792

BCI EXHIBIT

193



"Lechner, Scott"
<slechner@lehman.com>
09/17/2008 03:17 PM

To <Eric.Peterman@weil.com>, <harvey.r.miller@weil.com>,
<lori.fife@weil.com>, <shai.waisman@weil.com>,
<jacqueline.marcus@weil.com>
cc "McMurray, Locke R" <locke.mcmurray@lehman.com>,
"Kimmel, Scott" <scott.kimmel@lehman.com>, "Feraca,
John" <joferaca@lehman.com>, "Tonucci, Paolo"
<paolo.tonucci@lehman.com>

bcc

Subject Barclays Financing Question -- time sensitive

WEIL -- The firm is working on a 50 billion repo that needs to be done with Barclays. Two points we need color on:

1) Plan is to do a plain vanilla triparty repo of assets -- Barclays wants comfort from sipia that in a default they would be able to liquidate free of a stay. We were told by Barclays that in other deals Chase has gotten a waiver letter. Ed Rosen at Cleary is looking into getting this. Question is if anything Weil can do to facilitate. From what I understand this is a huge point -- since it could kill deal if they don't get comfort.

2) Question is how to unwind the repo if a deal gets done in a manner that protects Barclays. E.g. how do they actually purchase the assets. One idea would have been on Friday when LBI goes into receivership that Barclays take the assets as a foreclosing lender. I would have thought better approach was to include the assets they are purchasing in the purchase agreement that is approved by the bankruptcy court and SIPIA. Pls let me know thoughts. Thanks.

Scott C. Lechner
Senior Vice President, Office of the General Counsel
Lehman Brothers Inc.
745 Seventh Avenue, 19th Floor
New York, New York 10019
Telephone: 212-526-4477
Fax: 646-758-4203

Attorney Work Product - Privileged and Confidential

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BCI EXHIBIT

194

From: Romain, Gary: Finance (LDN)
Sent: Wed, 17 Sep 2008 20:48:14 GMT
To: Clackson, Patrick: Finance (LDN)
CC: Walker, James: Finance (NYK); Weidler, Chris: Finance (LDN); Utley, Charles: Finance (NYK)
Subject: RE: Scanned document from Douglas, Julia: Finance (NYK)

Patrick,

I'm struggling with the negative goodwill calc from the mail below. The attached spreadsheet picks up the numbers in the completion balance sheet - is there any way you could have a quick look and let me know what differs between this and your calc?

Potential candidates = bonus accrual, retention mark adjustment, fixed assets other than data centres, further valuation adjustments to assets, ...

[Please ignore the S King column]

Many thanks,

Gary

-----Original Message-----

From: Clackson, Patrick: Finance (LDN)
Sent: Tuesday, September 16, 2008 2:59 PM
To: Castell, Bill:
Cc: Romain, Gary: Finance (LDN); Weidler, Chris: Finance (LDN); Walker, James: Finance (NYK)
Subject: RE: Scanned document from Douglas, Julia: Finance (NYK)

Also shd add building at c\$1bn and datacentres at c\$500m both at 6% discount

-----Original Message-----

From: Castell, Bill:
Sent: Tuesday, September 16, 2008 2:57 PM
To: Clackson, Patrick: Finance (LDN)
Cc: Romain, Gary: Finance (LDN); Weidler, Chris: Finance (LDN); Walker, James: Finance (NYK)
Subject: Re: Scanned document from Douglas, Julia: Finance (NYK)

Great thanks

-----Original Message-----

From: Clackson, Patrick : Barclays Capital
To: Castell, Bill : Barclays Corporate Development

CC: Romain, Gary : Barclays Capital; Weidler, Chris : ; Walker, James :
Sent: Tue Sep 16 19:52:59 2008
Subject: FW: Scanned document from Douglas, Julia: Finance (NYK)

Bill this is completion balance sheet from draft docks, LI side not Barcap, gives the final asset split - neg
good will from this method is sum of $2.25 + 2 = 4.25 - 1.35$ (a/cing liab) = 2.9

From: Douglas, Julia: Finance (NYK)
Sent: Tuesday, September 16, 2008 2:46 PM
To: Clackson, Patrick: Finance (LDN)
Subject: Scanned document from Douglas, Julia: Finance (NYK)

<<Doc..pdf>>

Placeholder
Document produced in native format

Long Island - Acquisition Summary

	Clackson Schedule \$bn	S King Schedule \$bn	Difference \$bn
Govt & Agency	40.00	39.20	0.80
Commercial Paper	1.10	1.00	0.10
Mortgage-backed	2.70	3.30	-0.60
Corp Debt	4.90	5.10	-0.20
Corp Equity	8.80	8.40	0.40
Derivatives	4.50	4.80	-0.30
Collateralised Finance	10.00		
Cash	0.70		
Financial Assets	<u>72.70</u>		
7th Avenue	1.00		
Data Centres	0.50		
Non-Financial assets	<u>1.50</u>		
Total Assets	74.20		
Govt & Agency	21.00	35.00	-14.00
Corporate Debt	2.10	2.00	0.10
Corporate Equities	6.30	7.00	-0.70
Derivatives	4.50	4.50	0.00
Collateralised Finance	34.50		
Financial Liabilities	<u>68.40</u>		
Bonus accrual	1.30		
Total Liabilities	69.70		
Net assets	4.50		
Consideration	1.75		
Negative goodwill	2.75		

(Collateralised finance increased correspondingly)

BCI EXHIBIT

195

Unknown

Sent: Wednesday, March 25, 2009 10:21 AM

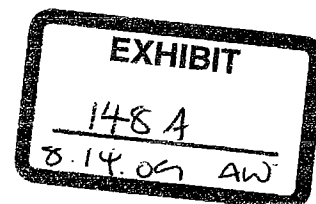
From: Reilly, Gerard [greilly@lehman.com]
Sent: Wednesday, September 17, 2008 9:28 PM (GMT)
To: Kelly, Martin [martin.kelly@lehman.com]; Flores, Daniel [Daniel.Flores@lehman.com]
Cc: Taylor, Austin L [austin.taylor@lehman.com]
Subject: RE: Diligence Items

The first question is very difficult. My understanding of the deal is that they will purchase our assets that remain in LBI on the closing date which will not be the same as the assets on the 12th. That purchase will be at a fixed discount on the assets that remain to reflect the bulk size of the purchase. We can track our pt by assets category which give some indication of how much we have moved the marks. We can also provide assets as of the 16th with marks so they can get some perspective.

Let me know what we need. If I am off base and the expectation is to track sales, cash, marks of the portfolio from the 12th to the close that will be extremely difficult.

Gerry

>
> From: Kelly, Martin
> Sent: Wednesday, September 17, 2008 4:52 PM
> To: Flores, Daniel
> Cc: Taylor, Austin L.; Reilly, Gerard
> Subject: RE: Diligence Items
>
> #1 is Gerry (cc'd). #2 is me - we are working on that now
>
>
> From: Flores, Daniel
> Sent: Wednesday, September 17, 2008 3:47 PM
> To: Kelly, Martin
> Cc: Taylor, Austin L
> Subject: Diligence Items
>
> Hi Martin,
>
> Just left you a vmail. Wanted to follow up on some of the items
> Lazard has requested that George Mack and I discussed with you
> yesterday. These are:
>
> 1. Price variance report for trading books going with deal to reflect
> changes between Friday 9/12 close and Monday 9/15 close
> 2. The balance sheet of what's being sold as well as what is remaining
> behind
>
> If you aren't the right person, please let me know who else I should
> contact.
>
> Regards,
> Daniel
>
> -----



7/15/2009

464049

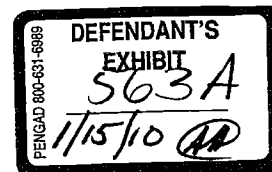
> Daniel E. Flores
> Lehman Brothers
> Restructuring Group
> (212) 526 8253 (Tel)
> (212) 520 9312 (Fax)
> daniel.flores@lehman.com
>
>

7/15/2009

464049

BCI EXHIBIT

196



From: DAVID DESCOTEAUX/IB/LAZARD
Sent: 9/18/2008 12:05:47 PM
To: "BARRY RIDINGS" <BARRY.RIDINGS@LAZARD.COM>; "ARTHUR BRUHMULLER"
<ARTHUR.BRUHMULLER@LAZARD.COM>
Subject: Fw: Fw: Diligence Items

We'll have to figure out who goes to Lehman meeting discussed below
(assuming
its confirmed) vs creditor meeting

----- Original Message -----

From: Arthur Bruhmuller
Sent: 09/17/2008 11:17 PM EDT
To: "Flores, Daniel" <Daniel.Flores@lehman.com>
Cc: "Taylor, Austin L" <austin.taylor@lehman.com>; David Descoteaux
Subject: Re: Fw: Diligence Items

That should work for us. Face-to-face meetings preferred. Will wait to
hear
from you to confirm.

Arthur M. Bruhmuller
Director
Lazard
30 Rockefeller Plaza
New York, New York 10112
212-632-6304 (TEL)
212-830-3613 (FAX)

"Flores, Daniel" <Daniel.Flores@lehman.com>
Sep 17 2008 11:05 PM

To
David Descoteaux/IB/Lazard@Lazard NYC, Arthur
Bruhmuller/IB/Lazard@Lazard NYC
cc
"Taylor, Austin L" <austin.taylor@lehman.com>
Subject
Re: Fw: Diligence Items

Trying to set up a call at 930 am (the one that should have happened
tonight)
and a mtg with ian and others at 1130. Does that work? Nothing is
confirmed
yet though.

----- Original Message -----

From: David.Descoteaux@Lazard.com <David.Descoteaux@Lazard.com>
To: Arthur.Bruhmuller@Lazard.com <Arthur.Bruhmuller@Lazard.com>
Cc: Flores, Daniel
Sent: Wed Sep 17 21:22:50 2008
Subject: Re: Fw: Diligence Items

I think this is covered in your explanation below but so there is nothing lost in the cracks, we discussed at the hearing what has happened to the value of the Acquired Assets since the balance sheet date of the agreement. B paid \$72b but presumably that value has declined since.

Arthur
To Bruhmuller/IB/Lazard "Flores, Daniel" <Daniel.Flores@lehman.com>
cc David Descoteaux/IB/Lazard@Lazard NYC
Sep 17 2008 05:59
Subject Re: Fw: Diligence Items(Document link:
PM Descoteaux)
David

We are trying to get a sense for how marks have evolved since Friday.

I think the first priority would be to see the inventory of what's being sold, how the marks have evolved and info on the buyer "discount".

Arthur M. Bruhmuller
Director

Lazard
30 Rockefeller Plaza
New York, New York 10112
212-632-6304 (TEL)
212-830-3613 (FAX)

"Flores, Daniel"
To
<Daniel.Flores@lehman.com> Arthur Bruhmuller/IB/Lazard@Lazard NYC
cc
Sep 17 2008 05:44
Subject
PM Fw: Diligence Items

What are your thoughts on this?

----- Original Message -----

From: Reilly, Gerard
To: Kelly, Martin; Flores, Daniel
Cc: Taylor, Austin L
Sent: Wed Sep 17 17:27:55 2008
Subject: RE: Diligence Items

The first question is very difficult. My understanding of the deal is that they will purchase our assets that remain in LBI on the closing date which will not be the same as the assets on the 12th. That purchase will be at a fixed discount on the assets that remain to reflect the bulk size of the purchase. We can track our pl by assets category which give some indication of how much we have moved the marks. We can also provide assets as of the 16th with marks so they can get some perspective.

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Gerry

From: Kelly, Martin
Sent: Wednesday, September 17, 2008 4:52 PM
To: Flores, Daniel
Cc: Taylor, Austin L; Reilly, Gerard
Subject: RE: Diligence Items

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Sent: Wednesday, September 17, 2008 3:47 PM
To: Kelly, Martin
Cc: Taylor, Austin L
Subject: Diligence Items

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2. The balance sheet of what's being sold as well as what is remaining behind

If you aren't the right person, please let me know who else I should contact.

Regards,
Daniel

Daniel E. Flores
Lehman Brothers
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(212) 526-8253 (Tel)
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daniel.flores@lehman.com

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BCI EXHIBIT

197

From: Ricci, Rich: Barclays Capital
Sent: Wednesday, September 17, 2008 7:12 PM
To: Clackson, Patrick: Finance (LDN); Evans, Michael: HR (LDN)
Cc: Cox, Archie: Barclays Capital (NYK)
Subject: RE: \$650m problem

Never agreed to it. Archie this is the problem. We can't have this clause I don't think.

From: Clackson, Patrick: Finance (LDN)
Sent: Wednesday, September 17, 2008 7:07 PM
To: Evans, Michael: HR (LDN); Ricci, Rich: Barclays Capital
Subject: \$650m problem

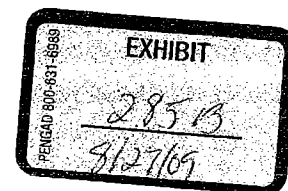
This is a problem, they have \$2bn in the agreement, I was relying on you guys telling me I needed \$1.35bn which gave me \$650m of the goodwill but the para below says we have to pay it to them/can't use

Archie says you have agreed to this

Help....

From sale and purchase agreement

(c) On or after the Closing, Purchaser shall, or shall cause its Subsidiaries to, pay each Transferred Employee an annual bonus ("08 Annual Bonuses"), in respect of the 2008 Fiscal Year that, in the aggregate, are equal in amount to 100 percent of the bonus pool amounts accrued in respect of amounts payable for incentive compensation (but not base salary) and reflected on the financial schedule delivered to Purchaser on September 16, 2008 and initialed by an officer of each of Holdings and Purchaser (the "Accrued 08 FY Liability"). Such 08 Annual Bonuses shall be awarded on or before March 15, 2009 in such forms and proportions as are consistent with Purchaser's customary practices, so that the aggregate amount awarded shall equal the Accrued 08 FY Liability. Any amounts that would have been allocated in respect of any Transferred Employee who voluntarily terminates employment before such award is made shall instead be allocated among the remaining Transferred Employees (who include, for this purpose, those Transferred Employees who are terminated without cause by Purchaser or its affiliates prior to the time the awards are made) (collectively, the "Remaining Transferred Employees"). However, the Accrued 08 FY Liability shall be reduced if, prior to the time such awards are made, both (x) 10% of the Transferred Employees have voluntarily terminated their employment with the Purchaser and (y) such terminated Transferred Employees would have been expected to receive at least 10% of the 08 Annual Bonuses had no such Transferred Employee's employment in fact terminated. In that case, Purchaser may adjust the Accrued 08 FY Liability proportionately from its initial level, in the same proportion as the reduction in Transferred Employees below 90% of the initial number of Transferred Employees compared to 90% of the initial number of Transferred Employees, in a good faith and reasonably equitable manner to account for the Transferred Employees to whom 08 Annual Bonuses will not be payable, and thereby to reduce the aggregate 08 Annual Bonuses. Any such reduction shall take into account the length of service, seniority within the Business and contribution of the Remaining Transferred Employees, relative to the allocation of the Accrued 08 FY Liability, in accordance with the principles enumerated herein.



BCI EXHIBIT

198

From: Miller, Ann Marie [AMMiller@HLHZ.com]
Sent: Wednesday, September 17, 2008 7:42 PM
To: Miller, Ann Marie

The Lehman operations to be acquired have about 10,000 employees, estimated trading assets of \$72 billion, and \$68 billion in liabilities. The businesses will be merged into Barclays Capital, which is headed by Diamond, a former executive of Credit Suisse First Boston and Morgan Stanley.

"This is a once in a lifetime opportunity for Barclays," Diamond said.

The deal needs to be approved by the U.S. bankruptcy court in New York and can be terminated if it is not completed by September 24. Lehman is filing an emergency motion to seek an approval.

Barclays deal does not include Lehman's investment management division, which includes fund manager Neuberger Berman. On Monday, a person familiar with the situation said a sale of that unit was also close to being announced.

Private equity firms Bain Capital, Hellman & Friedman and Clayton, Dubilier and Rice have placed bids for the unit, the person said. Lehman had planned to sell a majority stake in the investment management unit before filing for bankruptcy, but is now selling the whole unit.

NEW YORK/LONDON (Reuters) - British bank Barclays Plc (BARC.L: [Quote](#), [Profile](#), [Research](#), [Stock Buzz](#)) is one step closer to acquiring Lehman Brothers' (LEH.N: [Quote](#), [Profile](#), [Research](#), [Stock Buzz](#)) (LEH.P: [Quote](#), [Profile](#), [Research](#), [Stock Buzz](#)) core U.S. business in a \$1.75 billion deal, after a U.S. Judge approved bid procedures for the sale on Wednesday.

While the sale still needs court approval to be completed, U.S. bankruptcy Judge James Peck approved a \$100 million break-up fee for Barclays if the deal falls through and scheduled a sale hearing for Friday.

The judge also indicated he would approve \$450 million in interim debtor-in-possession financing that Lehman is seeking from Barclays to fund operations as it hurries to complete the sale.

"There is effectively one logical purchaser for these assets," Peck told a packed court room in Manhattan, adding that the sale was an "extraordinary" circumstance, that needed to be expedited for the sake of the global markets.

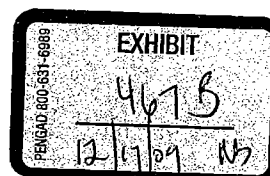
During the hearing, representatives from the U.S. Securities and Exchange Commission, Federal Reserve, and Commodities & Futures Trading Commission said they supported the bid procedures.

Earlier on Wednesday, Barclays also said in addition to the \$1.75 billion offer it could also acquire some additional Lehman businesses in Europe or Asia.

John Varley, Barclays chief executive, said the bank had "opportunities but not the obligation" to buy more Lehman assets, after the U.S. investment bank filed for bankruptcy protection on Monday.

"We now have the opportunity, and it's an opportunity that we're looking at quickly and seriously, to see what else might fit with the businesses we're developing around the world," Varley told analysts on a conference call. Continued...

"It would most typically be around those areas where Lehman has strong positions and BarCap has a weak one, so mostly around equities and the equity capital markets business."



He said an example would be Lehman's cash equities, where he "wouldn't want to miss the opportunity to add some of the talent from the UK and Europe to that (U.S.) team."

Meanwhile, CNBC reported that Lehman may sell its investment management division as soon as Wednesday.

Barclays' proposed U.S. purchase includes Lehman's North American sales, trading, and research and investment banking businesses, as well as its midtown Manhattan headquarters and two New Jersey data centers and could save about 10,000 jobs at Lehman.

According to court documents, U.S. employees of the firm will have the opportunity to continue their employment with Barclays on the same terms through December 31, 2008 and Barclays will assume an estimated \$2.5 billion in liabilities linked to the potential cost of severance for Lehman employees.

If the deal does not go through, Lehman can pay Barclays a break-up fee of \$100 million plus up to \$25 million for expenses, according to court documents. If another bidder emerges for Lehman, they would have to bid at least \$1.875 billion for those assets, according to the bid protections.

For Barclays, the deal will have an immediate positive impact, expected to add to earnings in the first year, and will provide a "very high" return on investment, Varley said.

The deal would also lift Barclays' capital ratio, even before the bank completes a planned capital injection alongside the deal, because of a negative goodwill adjustment from the deal amounting to about \$2 billion after tax.

The bank said existing shareholders had expressed support for the deal and were expected to buy additional equity of at least 600 million pounds (\$1.1 billion) into the bank. Continued...

In court filings, Lehman said Barclays has also agreed to buy 50 percent of each position in residential real estate mortgage securities at its Lehman Brothers Inc unit.

Lazard acted as financial adviser to Lehman Brothers in the sale of assets to Barclays.

For its continuing bankruptcy case, Lehman also intends to hire financial advisory firm Alvarez & Marsal and appoint restructuring expert Bryan Marsal as chief restructuring officer, a Lehman lawyer said at the hearing.

BCI EXHIBIT

199

From: AKIKO OGASAWARA/IB/LAZARD
Sent: 9/18/2008 12:23:29 AM
To: ARTHUR BRUHMULLER/IB/LAZARD@LAZARD NYC
CC: MATTHEW WHITING/IB/LAZARD@LAZARD NYC
Subject: Re: Lehman team

Matt,

Attached is the summary balance sheet.

Akiko Ogasawara
Lazard Frères & Co. LLC
30 Rockefeller Plaza
New York, NY 10020
212.632.6604 (office)
212.641.2783 (fax)
917.375.0447 (mobile)
akiko.ogasawara@lazard.com

Arthur Bruhmuller/IB/Lazard
Sep 17 2008 08:18 PM

To
Matthew Whiting/IB/Lazard@Lazard NYC
cc
Akiko Ogasawara/IB/Lazard@Lazard NYC
Subject
Re: Lehman team

No. Plan is go there first thing tomorrow morning.

You may want to review bankruptcy documents I sent you earlier. I
wouldn't
spend time on real estate valuation docs.

Akiko, please fax Matt the summary balance sheet of what is being sold so
he
can familiarize himself with it.

Thanks.

Arthur M. Bruhmuller
Director
Lazard
30 Rockefeller Plaza
New York, New York 10112
212-632-6304 (TEL)
212-830-3613 (FAX)

Matthew Whiting/IB/Lazard
Sep 17 2008 08:12 PM

To
Arthur Bruhmuller/IB/Lazard@Lazard NYC, Akiko
Ogasawara/IB/Lazard@Lazard NYC
cc

Subject
Re: Lehman team

I am in the car heading back from JFK. Were we able to get a meeting
with the
Lehman team tonight?

----- Original Message -----
From: Arthur Bruhmuller
Sent: 09/17/2008 05:37 PM EDT
To: David Descoteaux; Akiko Ogasawara; Sujeet Indap
Cc: Barry Ridings; Matthew Whiting
Subject: Lehman team
David, Akiko and Sujeet:

Matthew Whiting (x1377), VP in restructuring, is joining the team.

Please copy him on all info and correspondence going forward.

He is flying back from client meeting now and will check in with us later
when
he lands.

Thanks.

Arthur M. Bruhmuller
Director
Lazard
30 Rockefeller Plaza
New York, New York 10112
212-632-6304 (TEL)
212-830-3613 (FAX)

Attachment: r1231568.tif

SEP-17-2009 21:33 LAZARD FRERES NYC 212 332 5952 P.01/01

Date of Asset Mgmt?

ASSETS		LIABILITIES	
Gen & Ag	\$40.0	ST Borrowings	\$0.0
Commercial Paper	11	Gen & Ag	21.0
Monies	27	Commercial Paper	0.0
Total Corp Debt	48	Monies	0.0
Corp Equity	8.8	Corp Debt	2.1
Derivatives	4.5	Corp Equities	6.3
Cash	0.7	Derivatives	4.5
Total	\$52.7	Total	\$32.9
Collateralized ST Ag	10.0	Collateralized ST Ag	34.5
Receivables	0.0	Payables	0.0
Other Assets	0.0	Disbals	0.0
Inv In Corp Subs	0.0	Due To Subs	0.0
Due From Subs	0.0	Sub Notes	0.0
Total	10.0	Total	34.5
		Core Int	225
		Comp	20
		Total	\$225
		Adj. Total Assets	\$72.65

1,700 produced
100 B/L
25 expense
50 cash
\$ 1,875 Overhead

Core \$ 225 B.
Expense Corp 2 B.
B/L Cash 0.25 B
Payables \$ 1 B
\$ 1.7 B
\$ 107.2 Cash \$ 0.15 B
\$ 118.45

Purchase Adjustment:
If Assets > 500m
Adjustment of \$ 500 + 2 (over 500)
Subject to \$ 750m limit

TOTAL P.01/01

BCI EXHIBIT

200

From: DAVID DESCOTEAUX/IB/LAZARD
Sent: 9/18/2008 1:22:50 AM
To: ARTHUR BRUHMULLER/IB/LAZARD@LAZARD NYC
CC: "FLORES, DANIEL" <DANIEL.FLORES@LEHMAN.COM>
Subject: Re: Fw: Diligence Items

I think this is covered in your explanation below but so there is nothing lost in the cracks, we discussed at the hearing what has happened to the value of the Acquired Assets since the balance sheet date of the agreement. B paid \$72b but presumably that value has declined since.

Arthur Bruhmuller/IB/Lazard
Sep 17 2008 05:59 PM

To
"Flores, Daniel" <Daniel.Flores@lehman.com>
cc
David Descoteaux/IB/Lazard@Lazard NYC
Subject
Re: Fw: Diligence Items

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I think the first priority would be to see the inventory of what's being sold, how the marks have evolved and info on the buyer "discount".

Arthur M. Bruhmuller
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"Flores, Daniel" <Daniel.Flores@lehman.com>
Sep 17 2008 05:44 PM

To
Arthur Bruhmuller/IB/Lazard@Lazard NYC
cc

Subject
Fw: Diligence Items

What are your thoughts on this?

----- Original Message -----

From: Reilly, Gerard
To: Kelly, Martin; Flores, Daniel
Cc: Taylor, Austin L
Sent: Wed Sep 17 17:27:55 2008
Subject: RE: Diligence Items

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Gerry

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Sent: Wednesday, September 17, 2008 4:52 PM
To: Flores, Daniel
Cc: Taylor, Austin L; Reilly, Gerard
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2. The balance sheet of what's being sold as well as what is remaining behind

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Regards,
Daniel

Daniel E. Flores
Lehman Brothers
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(212) 526 8253 (Tel)
(212) 520 9312 (Fax)
daniel.flores@lehman.com

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Please be advised that any discussion of U.S. tax matters contained within this
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and cannot be used for the purpose of (i) avoiding U.S. tax related penalties
or (ii) promoting, marketing or recommending to another party any transaction
or matter addressed herein.

BCI EXHIBIT

201

From: Wise, Monique
Sent: Thu, 18 Sep 2008 03:31:17 GMT
To: Binkley, Tracy A; Collerton, Anthony J
CC: Johnson, Jack; McDade, Bart
Subject: Re: ****URGENT**** Our employees are getting offers

Based on what I am dealing with on this memo tonight, I do not see a memo from Bart *and Bob* before the court has approved.

What we could do rapidly is a memo from Bart that lists the questions and say: we know you want to hear about this and know answers to questions. We will have them by the weekend.

----- Original Message -----

From: Binkley, Tracy A
To: Collerton, Anthony J; Wise, Monique
Cc: Johnson, Jack
Sent: Wed Sep 17 23:17:00 2008
Subject: FW: ****URGENT**** Our employees are getting offers

I think getting out the Q&A would help and the proposed memo from Bart and Diamond. I'll try to push along both. Monique -- do you know if Barclays approved the Q&A?

Jack, the only Q&A that I believe needed edit was the one on severance. Can you give Monique /Sara Dawes the language you recommend? I defer to you on it.

From: Pittenger, Linda
Sent: Wednesday, September 17, 2008 4:46 PM
To: Binkley, Tracy A; Collerton, Anthony J
Cc: O'Connor, Bridget E
Subject: ****URGENT**** Our employees are getting offers

Tracy and Anthony,

We have a situation here in technology that our folks in the US and Europe (those we need for continuity on global systems) are being courted and picked off by our competitors in droves. They are systemically picking through our inventory of talent and it is widespread. Our folks are telling the senior managers that they do not want to leave, but they know nothing about their future here.

What we need:

1. We need Bart to send a memo to the CEOs of the other financial institutions asking them to please give us our time to work this out and to not go after our employees until things have settled (30 days). Jamie Dimon sent a memo like this when the Bear Stearns event happened and I do remember Brady Duggan at Credit Suisse telling us to lay low and adhere to Jamie Dimon's request.
2. We absolutely have to put a retention package in here very quickly or we will really be in trouble. Either that or get the offer letters that discuss compensation. I realize that you are busy, but this needs attention. You know I am not one to raise red flags...but I am raising this one. I am glad to put together a retention strategy here or work with the appropriate people either here or with Barclays. I am concerned.

Please advise.

Linda

Lehman Brother Inc.
Balance Sheet as of September 17, 2008
(\$ in millions)

ASSETS:

CASH & CASH EQUIVALENTS
CASH & SECURITIES SEGR. AND ON DEPOSIT

268
412

Per L. Nazimowitz \$1.9B customer cash locked up for
1-5c; \$1.9B Futures customer cash set aside in MMK
Mutual funds; \$1B of Good Faith Deposits with Exchanges
per G/L.

412

-
4,740

700

FINANCIAL INSTR. & OTHER INVENTORY POSITIONS OWNED

GOVERNMENTS & AGENCIES
TOTAL COMM PAPER & OTHER MMKT INSTRUMENTS
MORTGAGES & ASSET-BACKED SEC
TOTAL CORPORATE DEBT & OTHER
TOTAL CORPORATE EQUITIES
DERIVATIVES AND OTHER CONTR. AGREEMENTS
TOTAL SECURITIES & OTHER FIN INSTR. OWNED

30,225
37,214
958
5,972
4,839
6,758
2,758
59,307

Per H. Ziff Inventory File

37,214
958
2,986
4,839
6,758
3,566

-
-
-
-
-
-

40,000
1,100
2,700
4,900
8,800
4,500
62,000

COLLATERALIZED SHORT-TERM AGREEMENTS

RECEIVABLES

155,876
14,383

Per A. Abedeen Financing File
Per P. Temnyson Rec from Clearing Organizations of \$2.4B;
Per H. Ziff GFS File FTD \$12.5B; Per J. Portociano
Customer Rec \$14.3B
Per G/L: PPE \$79mm; Goodwill \$13.3mm

30,337

0
29,920

10,000

OTHER ASSETS

INVESTMENT IN CONS. SUBS
FROM SUBSIDIARIES

363
1,924

Per G/L: PPE \$79mm; Goodwill \$13.3mm

76

241
1,592

-

FTD with LBIE

2,500

8,248

8,248

874

13,822

REVERSE REPO with LBIE

2,061

13,822

6,504

6,341

424

REVERSE REPO with LCP1

7,985

6,341

424

122

85

REVERSE REPO with LBH

129

12,902

4,479

122

5,726

STOCK BORROW with LBIE

44,849

12,902

4,479

122

5,726

STOCK BORROW with LBSF

4,235

4,479

122

5,726

5,726

RECEIVABLE with LBH

140

2,081

3,645

5,726

5,726

Other Receivables <\$50mm

1,601

56,176

87,146

99,301

72,700

TOTAL ASSETS

302,316

182,802

87,146

99,301

72,700

Lehman Brother Inc.
Balance Sheet as of September 17, 2008
(\$ in millions)

LIABILITIES:

	08/31/08	09/17/08	Notes	Transaction Adjustments	Balance Sheet Transferred	Balance Sheet Remaining	Purchase Agreement
S.T. BORROWINGS & CURRENT PORTION OF L.T. BORROWINGS	308	531	Per Treasury			531	
FINL INSTR & OTHER INV POSNS SOLD BUT NOT PURCHASED							
GOVERNMENTS & AGENCIES	35,955	20,024			20,024	-	21,000
TOTAL COMM PAPER & OTHER MMKT INSTRUMENTS						-	
MORTGAGES & ASSET-BACKED SEC	19	24			24	-	2,100
TOTAL CORPORATE DEBT & OTHER	2,170	1,740			1,740	-	6,300
TOTAL CORPORATE EQUITIES	6,264	5,619			5,619	-	4,500
DERIV & OTHER CONTR AGREEMENTS	2,084	1,660	Per H.Ziff Inventory File		1,660	-	33,900
TOTAL SEC. & OTHER FIN INSTR. SOLD NOT PURCH.	46,492	29,067			29,067	-	
COLLATERALIZED SHORT-TERM FINANCING	107,954	74,602	Per A. Abdeen Financing File		53,829	20,773	34,500
PAYABLES							
Bonus Payable	-	-				-	
Cure Payments/accounts payable	701	605		2,000	2,000	-	
OTHER	22,455	16,341	Per H.Ziff GFS File FTD \$4.2B; Per A. Potenciano Customer Pay \$11B; Per G/L Taxes \$0.4B	1,645	2,250	-	4,300
TO SUBSIDIARIES					0	16,341	
FTR with LBIE	290	10,720				10,720	
REPO with LBHI	20,732	-				-	
REPO with LBIE	13,469	16,194				16,194	
REPO with LBSF	1,608	5,032				5,032	
REPO with Bankhaus	1,351	350				350	
REPO with LBF	1,391	1,351				1,351	
REPO with Lehman RE	273	273				273	
REPO with LBB	2,185	-				-	
REPO with LBCB	2,918	-				-	
REPO with LOTC	759	-				-	
STOCK LOAN with LBIE	39,216	9,209				9,209	
STOCK LOAN with LBSF	2,051	2,979				2,979	
STOCK LOAN with LB LUX	20,664	-				-	
PAYABLE with LBIE	-	4,571				4,571	
PAYABLE with LBCC	554	606				606	
PAYABLE with LBSF	100	737				737	
PAYABLE with LBJ	283	444				444	
PAYABLE with LBCB	-	122				122	
PAYABLE with LBHI	707	-				-	
Other Receivables <\$50mm	4,895	731				731	
	113,446	53,319				53,319	
LONG-TERM DEBT:							
SENIOR NOTES	7,043	7,051				7,051	
SUBORDINATED NOTES	7,043	7,051				7,051	
TOTAL LONG-TERM DEBT:	298,121	181,516	Per Treasury \$6.5B is intercompany		87,146	98,015	72,700
TOTAL LIABILITIES							
STOCKHOLDERS' EQUITY							
ADDITIONAL PAID IN CAPITAL	3,866	3,866				3,866	
RETAINED EARNINGS	306	(1,045)				(1,045)	
OTHER STOCKHOLDERS' EQUITY, NET	23	23				23	
TOTAL STOCKHOLDERS' EQUITY	4,195	2,844				2,844	
TOTAL LIABILITIES & STOCKHOLDERS' EQUITY	302,316	184,360			87,146	100,859	72,700
Out of Balance	-	(1,558)			-	(1,558)	

BCI EXHIBIT

202

From: Romain, Gary: Finance (LDN)
Sent: Thu, 18 Sep 2008 12:12:19 GMT
To: Owen, Caroline: Finance (LDN); Rudduck, Mark: Markets (LDN); Montaudy, Beatrice: Finance (NYK); Yang, Jasen: Markets (NYK); Regan, David: Finance (LDN)
Logozzo, Joseph: Markets (NYK); Moreira, Nicholas: EDG (NYK); Chapman, Paul: Operations (LDN); Rodefelf, John: Operations (NYK); Walker, James: Finance (NYK); Weidler, Chris: Finance (LDN); Utley, Charles: Finance (NYK); Morton, Marcus: Finance (NYK); Versluys, Roger: Finance (LDN)
CC:
Subject: Re: Long Island Asset Booking.

It's essential there is a coordinated approach to how assets are brought on to barclays balance sheet (which entities acquire which assets, how/where negative goodwill recognised, how ringfenced for acquisition accounting, etc).

Beatrice, can we catch up when I get in? I've heard nothing about an spv plan and generation of gain in plc - would require accounting consideration before could proceed. James, Chris, Charles, Marcus, Roger - fyi.

Regards,

Gary

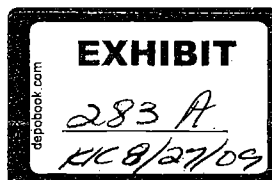
From: Owen, Caroline: Finance (LDN)
To: Rudduck, Mark: Markets (LDN); Montaudy, Beatrice: Finance (NYK); Yang, Jasen: Markets (NYK); Regan, David: Finance (LDN); Romain, Gary: Finance (LDN)
Cc: Logozzo, Joseph: Markets (NYK); Moreira, Nicholas: EDG (NYK); Chapman, Paul: Operations (LDN); Rodefelf, John: Operations (NYK)
Sent: Thu Sep 18 12:54:58 2008
Subject: RE: Long Island Asset Booking.
Mark just left you voicemail, are you referring to a technical accounting viewpoint on this? We are up to our necks in the LEH unwind right now so my brain may have missed something in the mail.

if so Gary who is a good contact in NY?

Many thanks

C

From: Rudduck, Mark: Markets (LDN)
Sent: 18 September 2008 12:34
To: Montaudy, Beatrice: Finance (NYK); Yang, Jasen: Markets (NYK); Owen, Caroline: Finance (LDN); Regan, David: Finance (LDN)



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BCI-EX-(S)-00047719

Cc: Logozzo, Joseph: Markets (NYK); Moreira, Nicholas: EDG (NYK); Chapman, Paul: Operations (LDN); Rodefelf, John: Operations (NYK)
Subject: RE: Long Island Asset Booking.
Importance: High

We'd need to involve Finance re the potential sale to an SPV of PLC.

Caroline / Dave - pls can you co-ordinate a response with your colleagues in Finance.

Clearly the answer is also a function of the number of positions / trades / volumes that we're talking about. Do you have any figures Beatrice ?

I assume that it is many thousands of positions / trades, which would mean booking in any entity not set up to process equities would be a problem.

From: Montaudy, Beatrice: Finance (NYK)
Sent: 18 September 2008 12:20
To: Rudduck, Mark: Markets (LDN); Yang, Jasen: Markets (NYK)
Cc: Logozzo, Joseph: Markets (NYK); Moreira, Nicholas: EDG (NYK); Chapman, Paul: Operations (LDN); Rodefelf, John: Operations (NYK)
Subject: Re: Long Island Asset Booking.

Thank you, Mark. At this point we assume the balance sheet from Lehman is only US. If anyone has a better view that would be helpful. The admittedly desperate plan at this point would be to acquire through SPV of BBPLC in UK and sell to BCSL to recognize the MTM gain in BBPLC.

Is there anyway that could be achieved and if so what is the max period BBPLC Newco could hold the equities before transfer to another entity with proper EDG systems?

Thank you,

Beatrice

From: Rudduck, Mark: Markets (LDN)
To: Montaudy, Beatrice: Finance (NYK); Yang, Jasen: Markets (NYK)
Cc: Logozzo, Joseph: Markets (NYK); Moreira, Nicholas: EDG (NYK); Chapman, Paul: Operations (LDN); Rodefelf, John: Operations (NYK)
Sent: Thu Sep 18 06:48:55 2008
Subject: RE: Long Island Asset Booking.
I assume that you are talking about cash equity positions only ? Are they just US equities ? Pls clarify

The infrastructure for our equity business at Bar Cap is all set up so that we trade out of BCSL or BCI (for a certain subset of products).

We do not have an infrastructure in PLC that can support the booking of equities (system issues / feeds etc). Over the years there we have looked at what it would take to migrate the equities

business to PLC, but the cost / effort has always outweighed the benefit (and the project would take many months).

I will call you to discuss further.

Rgds
Mark

From: Montaudy, Beatrice: Finance (NYK)
Sent: 18 September 2008 11:13
To: Rudduck, Mark: Markets (LDN); Yang, Jasen: Markets (NYK)
Cc: Logozzo, Joseph: Markets (NYK)
Subject: Re: Long Island Asset Booking.

Hello Mark,

The context to this question was that, during the asset purchase price negotiations, it was essential to the valuation calculation that the "discount" between the value of the assets acquired and the purchase price NOT be subject to the 46% marginal US tax rate applicable to BCI. The purchase price negotiations assumed the assets would be purchased by BBPLC where all gains would be offset by BBPLC US tax losses and ONLY subject to a 28% UK tax. This assumption was based on the repeated and repeatedly reconfirmed aversions of the business and PCG people present at 745 7th on Tuesday am that "equities were de minimis" and all assets would be held for sale and liquidated quickly.

Obviously, the situation was not clear to anyone on Tuesday am but the assumptions made are still going forward in London.

US Tax recognized immediately Wed am that US Equities acquired to be used as part of BAU EDG activity would need to be booked in BCSL and gains subject to 46% tax as a result of current Transfwr pricing. The gain on the equities is day one 2.5 billion USD.

The info we need now (if possible by 9am NY time) is how could these equity assets possibly be acquired by BBPLC or a UK SPV sub of BBPLC (as was essential to the purchase price valuation and is still currently the plan in London?) Is there any way, leaving aside the US tax risks now in doing so, that this could even be done logistically/system wise for 8.8 BILLION of longs and over 6 BILLION of shorts?? Can an immediate manual solution a la HYMF be devised for Friday?

Or do we now need to assume the equities MUST be acquired by BCSL?

I appreciate your quick response below as I know this is a stressed time.

Thank you,

Beatrice

From: Rudduck, Mark: Markets (LDN)
To: Yang, Jasen: Markets (NYK); Montaudy, Beatrice: Finance (NYK)
Cc: Logozzo, Joseph: Markets (NYK)
Sent: Thu Sep 18 04:20:49 2008
Subject: FW: Long Island Asset Booking.

Jasen, Beatrice,

I don't have all the context / background as to what exactly the proposal is / what info you're after.

To the extent that your questions relate to US trading operations, Joe Logozzo can answer the detail for Equities trading (including derivatives). In short though our equity derivative trading in the US is conducted out of BCSL, with CBs and some equities traded out of our US broker dealer, BCI.

To the extent that your questions relate to Global trading operations, there's a significant number of legal entities that we use over the globe in Equities so this would be a significant undertaking. I can help channel this if required ?

I'd be grateful if you'd clarify exactly what info you need and Joe or I will be happy to help.

Thks
Mark

From: Joshi, Dixit: EDG (LDN)
Sent: 18 September 2008 09:03
To: Rudduck, Mark: Markets (LDN)
Subject: FW: Long Island Asset Booking.

Can we get onto this

From: Yang, Jasen: Markets (NYK)
Sent: Thursday, September 18, 2008 12:09 AM
To: Warren, Doug: Credit Derivatives (NYK); Joshi, Dixit: EDG (LDN); Duff, Mimi: Fixed Income (NYK); Dearlove, Mark: Markets (LDN)

Cc: King, Stephen: Markets (NYK); Grbic, Susan: Finance (NYK); Montaudy, Beatrice: Finance (NYK); King, Samantha J: M&A Tax (LDN)

Subject: FW: Long Island Asset Booking.

Doug, Dixit, Mimi, Mark,

Can you guys take a look at the questions below from Tax and see if you can answer or get information from your COOs? Trying to determine limitations on ability to book assets through different legal entities.

Jasen

From: Montaudy, Beatrice: Finance (NYK)
Sent: Wednesday, September 17, 2008 4:52 PM
To: Yang, Jasen: Markets (NYK)
Cc: King, Stephen: Markets (NYK); Grbic, Susan: Finance (NYK); King, Samantha J: M&A Tax (LDN)
Subject: Long Island Asset Booking.

Hello Jasen,

We have been advised Barclays will be acquiring the following asset classes from Lehman Brothers.

GOV & AGENCY
COMMERICAL PAPER
CORP. DEBT
CORP EQUITY
DERIVATIVES
MORTGAGES
COLLATERIZED ST AGREEMENTS

In order to support the tax analysis, we will need to know for each asset class the following information:

1. In what entity is Barclays currently conducting its activities in the acquired assets?
2. Are there any regulatory restrictions with respect to booking the assets in the London or NY branch of BBPlc?
3. Who will be responsible for trading the acquired assets? **By which Barclays entity is that person currently employed? Is there any regulatory reason why that person cannot be employed by the branch.**
4. How will Barclays be holding the assets after acquisition date? (Tax had been advised Monday that the plan was to sell all the acquired assets in a short time frame.) However, if the plan is now to hold acquired assets as inventory in connection with current Barclays' customer businesses that needs to be clarified and explained.
5. If Barclays does not have a current business to which the assets relate and the assets will be "warehoused" at BBPlc that needs to be explained and any timeframes for holding at BBPlc estimated.
6. If known, what is the current transfer pricing arrangement that covers this activity?
7. Are there any other issues, that prevent these assets from being booked in BBPLC London or in NY? (Funding, Capital, etc.)

Thank you for your assistance.

Please do not hesitate to contact either Susan or myself if there are any questions on what is meant by any of these items.

KR,

Beatrice

BCI EXHIBIT

203

From: Hauzenberg, Rose
Sent: Thu, 18 Sep 2008 19:07:17 GMT
To: Reilly, Gerard; Kelly, Martin; Wong, Kristie
Subject: LBI BS_916_V3.xls

Lehman Brother Inc.
Balance Sheet as of September 16, 2008
(\$ in millions)

ASSETS:

CASH & CASH EQUIVALENTS
CASH & SECURITIES SEGR. AND ON DEPOSIT

FINANCIAL INSTR. & OTHER INVENTORY POSITIONS OWNED

GOVERNMENTS & AGENCIES
TOTAL COMM PAPER & OTHER MMKT INSTRUMENTS
MORTGAGES & ASSET-BACKED SEC
TOTAL CORPORATE DEBT & OTHER
TOTAL CORPORATE EQUITIES
DERIVATIVES AND OTHER CONTR. AGREEMENTS
TOTAL SECURITIES & OTHER FIN INSTR. OWNED

COLLATERALIZED SHORT-TERM AGREEMENTS
RECEIVABLES

OTHER ASSETS
INVESTMENT IN CONS. SUBS
DUE FROM SUBSIDIARIES

FTD with LBIE
FTD with LBHI
REVERSE REPO with LBIE
REVERSE REPO with LBSF
REVERSE REPO with LCPI
REVERSE REPO with LBHI
REVERSE REPO with LB I Group
REVERSE REPO with LBF
STOCK BORROW with LBIE
STOCK BORROW with LBSF
STOCK BORROW with LB I Group
RECEIVABLE with LBHI
RECEIVABLE with LBIE
Other Receivables <\$50mm

TOTAL ASSETS

08/31/08 09/16/08

268 1,314
8,550 5,369

30,225 37,649
1,158 960
6,499 6,080
5,422 4,892
9,256 7,462
2,758 3,257
55,318 60,300

155,876 41,061
14,383 26,782

363 317
1,924 1,592

2,500 9,579
900
2,061 15,421
1,603 7,918
7,985 6,331
352 424
122
129
44,849 14,501
4,235 5,892
179 122
2,082
140
1,601 284
65,634 63,576

302,316 200,311

Transaction Adjustments

Balance Sheet
Transferred

Balance Sheet
Remaining

Notes

Per L. Nazimowitz \$1.9B customer cash locked up for
15c3; \$2.6B Futures customer cash set aside in MMK
Mutual funds; \$1B of Good Faith Deposits with Exchanges
per G/L.

Per H Ziff Inventory File

Per A. Abedeen Financing File
Per P. Tennyson Rec from Cleaning Organizations of \$2.3B;
Per H Ziff GFS File FTD \$9.1B; Per J. Potenciano
Customer Rec \$14.6B

Per G/L: PPE \$76mm; Goodwill \$133mm

Lehman Brother Inc.
Balance Sheet as of September 16, 2008
(\$ in millions)

LIABILITIES:

S.T. BORROWINGS & CURRENT PORTION OF L.T. BORROWINGS 308
FIN'L INSTR & OTHER INV POSNS SOLD BUT NOT PURCHASED
GOVERNMENTS & AGENCIES 35,955
TOTAL COMM PAPER & OTHER MMKT INSTRUMENTS 19
MORTGAGES & ASSET-BACKED SEC 2,170
TOTAL CORPORATE DEBT & OTHER 6,264
TOTAL CORPORATE EQUITIES 2,084
DERIV & OTHER CONTR AGREEMENTS 1,660
TOTAL SEC. & OTHER FIN.INSTR.SOLD NOT PURCH. 30,996
COLLATERALIZED SHORT-TERM FINANCING 107,954
PAYABLES 22,878

DUE TO SUBSIDIARIES

FTR with LBIE 290
REPO with LBHI 20,732
REPO with LBIE 13,469
REPO with LBSF 1,608
REPO with Bankhaus 1,351
REPO with LBF 1,391
REPO with Lehman RE 273
REPO with LBB 2,185
REPO with LBCB 2,918
REPO with LOTC 759
STOCK LOAN with LBIE 39,216
STOCK LOAN with LBSF 2,051
STOCK LOAN with LB LUX 20,664
PAYABLE with LBIE 4,558
PAYABLE with LBCC 554
PAYABLE with LBSF 100
PAYABLE with LBJ 283
PAYABLE with LBCB -
PAYABLE with LBHI 707
Other Receivables <\$50mm 4,895

LONG-TERM DEBT:

SENIOR NOTES
SUBORDINATED NOTES
TOTAL LONG-TERM DEBT:

TOTAL LIABILITIES

STOCKHOLDERS EQUITY

ADDITIONAL PAID IN CAPITAL 3,866
RETAINED EARNINGS 306
OTHER STOCKHOLDERS EQUITY, NET 23
TOTAL STOCKHOLDERS EQUITY 4,195

TOTAL LIABILITIES & STOCKHOLDERS' EQUITY

Out of Balance -

	08/31/08	09/16/08	Notes	Transaction Adjustments	Balance Sheet Transferred	Balance Sheet Remaining
		494	Per Treasury			
	35,955	21,561				
	19	25				
	2,170	1,771				
	6,264	5,979				
	2,084	1,660				
	46,492	30,996	Per H.Ziff Inventory File			
	107,954	70,199	Per A. Abedeen Financing File			
	22,878	21,589	Per 8/31 G/L Pay to Clearing Organizations \$1.4B; Per H.Ziff GFS File FTD \$5.3B; Per J. Potenciano Customer Pay \$13.4B; Per G/L Taxes \$0.4B; Compensation \$0.5B; Accruals \$0.3B			
	290	11,373				
	20,732	-				
	13,469	19,373				
	1,608	7,471				
	1,351	1,351				
	1,391	1,351				
	273	273				
	2,185	-				
	2,918	-				
	759	-				
	39,216	10,858				
	2,051	5,414				
	20,664	-				
	-	4,558				
	554	606				
	100	585				
	283	364				
	-	122				
	707	-				
	4,895	1,098				
	7,043	7,051	Per Treasury \$6.5B is intercompany			
	7,043	7,051				
	298,121	195,096				
	3,866	3,866				
	306	(920)				
	23	23				
	4,195	2,969				
	302,316	198,065				
	-	(2,246)				

BCI EXHIBIT

204

From: Krishnamurthy, Ananth
Sent: Thu, 18 Sep 2008 20:28:54 GMT
To: Gelband, Michael
Subject: Re:

Or Cltic
Maybe you can run whole thing.
Let's spk today if you think this is possible
Bankruptcy hearing is tomorrow
We'd need a stay till monday to put the bid together

-----Original Message-----

From: "Gelband, Michael" <mgelband@lehman.com>

Date: Thu, 18 Sep 2008 16:07:39

To: <ananth@3ainvestors.com>

Subject: Re:

Interesting idea!

----- Original Message -----

From: Krishnamurthy, Ananth <ananth@3ainvestors.com>

To: Gelband, Michael

Sent: Thu Sep 18 15:36:50 2008

Subject: Re:

Let's put a bid together with kdb or nomura.

-----Original Message-----

From: "Gelband, Michael" <mgelband@lehman.com>

Date: Thu, 18 Sep 2008 15:35:12

To: <ananth@3ainvestors.com>

Subject: Re:

You are a smart man.

----- Original Message -----

From: Krishnamurthy, Ananth <ananth@3ainvestors.com>

To: Gelband, Michael

Sent: Thu Sep 18 15:24:21 2008

Subject:

So it looks like Barclays is buying \$72bn of trading assets less \$68bn of liabilities or \$4bn of net assets (assuming marked correctly) for \$250mm!!! (the other \$1.5bn is for the building and data centers).

They are getting a "negative goodwill adjustment" of \$2bn.

And the bankruptcy trustee is saying they are the only logical buyer. He's not saying it's a fair price.

What am I missing???

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BCI EXHIBIT

205

**Filed Under Seal
Pursuant To
Protective Order**

BCI EXHIBIT

206

From: Grenier, John B
Sent: Thu, 18 Sep 2008 22:23:43 GMT
To: Sullivan, Tim [IBD]
Subject: Balance Sheet Iterations

Tim,

The first page of this file is the most recent BS, updated around 1:00 today, although I am sure some changes have been made since then. Page 3 is the balance sheet from Tuesday morning that I assume was used in the negotiations. Let me know if this is what you are looking for.

Regards,

<<Consolidated Balance Sheets.pdf>>

John Grenier

> LEHMAN BROTHERS

> Investment Banking | Restructuring & Finance Group

> 745 Seventh Avenue | New York, NY 10019

Work: 212.526.4884 | Fax: 917.265.0391

Cell: 917.548.0256 | john.grenier@lehman.com

ASSETS			LIABILITIES		
	Per Contract Estimate	9/16 Estimate		Per Contract Estimate	9/16 Estimate
Gov & Ag	\$40.0	\$57.6	ST Borrowings	\$0.0	\$0.0
Commercial Paper	1.1	1.0	Gov & Ag	21.0	21.6
Mortgages	2.7	2.7	Commercial Paper	0.0	0.0
Total Corp Debt	4.9	4.9	Mortgages	0.0	0.0
Corp Equity	8.8	7.5	Corp Debt	2.1	1.8
Derivatives	4.5	3.2	Corp Equities	6.3	5.9
Cash	0.7	0.7	Derivatives	4.5	1.7
Total	\$62.7	\$57.6	Total	\$33.9	\$31.0
Collateralized ST Agr	10.0	10.0	Collateralized ST Fund	34.5	32.4
Receivables	0.0	0.0	Payables	0.0	0.0
Other Assets	0.0	0.0	Deposits	0.0	0.0
Inv In Con Subs	0.0	0.0	Due To Subs	0.0	0.0
Due From Subs	0.0	0.0	Sub Notes	0.0	0.0
Total	10.0	10.0	Total	34.5	32.4
			Total	68.4	63.4
			Cure pmt	2.3	2.3
			Comp	2.0	2.0
Adj. Total Assets	\$72.65	\$67.60	Total	\$72.65	\$67.60

ASSETS		LIABILITIES	
Change from Previous			
	Per Contract Estimate	9/16 Estimate	9/16 Estimate
Gov & Ag	\$0.0	(\$2.4)	\$0.0
Commercial Paper	0.0	(\$0.1)	\$0.6
Mortgages	0.0	\$0.0	\$0.0
Total Corp Debt	0.0	\$0.0	\$0.0
Corp Equity	0.0	(\$1.3)	(\$0.3)
Derivatives	0.0	(\$1.3)	(\$0.4)
Cash	0.0	\$0.0	(\$2.8)
Total	\$0.0	(\$5.1)	(\$2.9)
Collateralized ST Agr	0.0	0.0	0.0
Receivables	0.0	0.0	(2.2)
Other Assets	0.0	0.0	0.0
Inv In Con Subs	0.0	0.0	0.0
Due From Subs	0.0	0.0	0.0
Total	0.0	0.0	(2.2)
Total	0.0	0.0	(5.1)
Cure pmt		0.0	0.0
Comp		0.0	0.0
Total	\$0.00	(\$5.05)	(\$5.05)

ASSETS		LIABILITIES	
Gov & Ag	\$40.0	ST Borrowings	\$0.0
Commercial Paper	1.1	Gov & Ag	21.0
Mortgages	2.7	Commercial Paper	0.0
Total Corp Debt	4.9	Mortgages	0.0
Corp Equity	8.8	Corp Debt	2.1
Derivatives	4.5	Corp Equities	6.3
Cash	0.7	Derivatives	4.5
Total	\$62.7	Total	\$33.9
Collateralized ST Agr	10.0	Collateralized ST Fund	34.5
Receivables	0.0	Payables	0.0
Other Assets	0.0	Deposits	0.0
Inv In Con Subs	0.0	Due To Subs	0.0
Due From Subs	0.0	Sub Notes	0.0
Total	10.0	Total	34.5
		Total	68.4
		Cure pmt	2.25
		Comp	2.0
Adj. Total Assets	\$72.65	Total	\$72.65

Change from Previous

ASSETS		LIABILITIES	
Gov & Ag	\$0.0	ST Borrowings	(\$0.3)
Commercial Paper	0.0	Gov & Ag	(25.5)
Mortgages	(0.2)	Commercial Paper	0.0
Total Corp Debt	(0.1)	Mortgages	(0.2)
Corp Equity	(0.1)	Corp Debt	0.0
Derivatives	2.3	Corp Equities	0.0
Cash	0.0	Derivatives	2.4
Total	1.9	Total	(\$23.6)
Collateralized ST Agr	0.0	Collateralized ST Fund	25.5
Receivables	0.0	Payables	0.0
Other Assets	0.0	Deposits	0.0
Inv In Con Subs	0.0	Due To Subs	0.0
Due From Subs	0.0	Sub Notes	0.0
Total	0.0	Total	25.5
		Total	1.9
		Cure pmt	0.0
		Comp	0.0
Adj. Total Assets	\$1.90	Total	\$1.90

LIABILITIES

ST Borrowings	\$0.0
Gov & Ag	35.0
Commercial Paper	0.0
Mortgages	0.0
Corp Debt	2.1
Corp Equities	6.3
Derivatives	4.5
Total	\$47.9
Collateralized ST Fund	21.0
Payables	0.0
Deposits	0.0
Due To Subs	0.0
Sub Notes	0.0
Total	21.0
Total	68.9
Cure pmt	2.25
Comp	2.0
Total	\$73.15

ASSETS

Gov & Ag	\$40.0
Commercial Paper	1.1
Mortgages	2.9
Total Corp Debt	5.0
Corp Equity	8.9
Derivatives	4.6
Cash	0.7
Total	\$63.2
Collateralized ST Agr	10.0
Receivables	0.0
Other Assets	0.0
Inv In Con Subs	0.0
Due From Subs	0.0
Total	10.0
Adj. Total Assets	\$73.15

9/18/2008
4:33 PM
BS 4

Change from Previous

ASSETS		LIABILITIES	
Gov & Ag	\$0.0	ST Borrowings	(\$0.3)
Commercial Paper	0.0	Gov & Ag	(11.5)
Mortgages	0.0	Commercial Paper	0.0
Total Corp Debt	0.0	Mortgages	(0.2)
Corp Equity	0.0	Corp Debt	0.0
Derivatives	2.4	Corp Equities	0.0
Cash	0.0	Derivatives	2.4
Total	2.4	Total	(\$9.6)
Collateralized ST Agr	0.0	Collateralized ST Fund	12.0
Receivables	0.0	Payables	0.0
Other Assets	0.0	Deposits	0.0
Inv In Con Subs	0.0	Due To Subs	0.0
Due From Subs	0.0	Sub Notes	0.0
Total	0.0	Total	12.0
		Total	2.4
		Cure pmt	0.0
		Comp	0.0
Adj. Total Assets	\$2.40	Total	\$2.40

9/18/2008
4:33 PM
BS 4

ASSETS		LIABILITIES	
Gov & Ag	\$40.0	ST Borrowings	\$0.0
Commercial Paper	1.1	Gov & Ag	46.5
Mortgages	2.9	Commercial Paper	0.0
Total Corp Debt	5.0	Mortgages	0.0
Corp Equity	8.9	Corp Debt	2.1
Derivatives	2.2	Corp Equities	6.3
Cash	0.7	Derivatives	2.1
Total	\$60.8	Total	\$57.0
Collateralized ST Agr	10.0	Collateralized ST Fund	9.5
Receivables	0.0	Payables	0.0
Other Assets	0.0	Deposits	0.0
Inv In Con Subs	0.0	Due To Subs	0.0
Due From Subs	0.0	Sub Notes	0.0
Total	10.0	Total	9.5
		Total	66.5
		Cure pmt	2.25
		Comp	2.0
Adj. Total Assets	\$70.75	Total	\$70.75

9/18/2008
4:33 PM
BS 3

Change from Previous

ASSETS		LIABILITIES	
Gov & Ag	\$0.0	ST Borrowings	(\$0.3)
Commercial Paper	0.0	Gov & Ag	0.0
Mortgages	0.0	Commercial Paper	0.0
Total Corp Debt	0.0	Mortgages	(0.2)
Corp Equity	0.0	Corp Debt	0.0
Derivatives	0.0	Corp Equities	0.0
Cash	0.0	Derivatives	0.0
Total	0.0	Total	(\$0.5)
Collateralized ST Agr	0.0	Collateralized ST Fund	0.5
Receivables	0.0	Payables	0.0
Other Assets	0.0	Deposits	0.0
Inv In Con Subs	0.0	Due To Subs	0.0
Due From Subs	0.0	Sub Notes	0.0
Total	0.0	Total	0.5
		Total	0.0
		Cure pmt	0.0
		Comp	0.0
Adj. Total Assets	\$0.00	Total	\$0.00

9/18/2008
4:33 PM
BS 3

ASSETS		LIABILITIES	
Gov & Ag	\$40.0	ST Borrowings	\$0.3
Commercial Paper	1.1	Gov & Ag	46.5
Mortgages	2.9	Commercial Paper	0.0
Total Corp Debt	5.0	Mortgages	0.2
Corp Equity	8.9	Corp Debt	2.1
Derivatives	2.2	Corp Equities	6.3
Cash	0.7	Derivatives	2.1
Total	\$60.8	Total	\$57.5
Collateralized ST Agr	10.0	Collateralized ST Fund	9.0
Receivables	0.0	Payables	0.0
Other Assets	0.0	Deposits	0.0
Inv In Con Subs	0.0	Due To Subs	0.0
Due From Subs	0.0	Sub Notes	0.0
Total	10.0	Total	9.0
		Total	66.5
		Cure pmt	2.25
		Comp	2.0
Adj. Total Assets	\$70.75	Total	\$70.75

ASSETS		Adj	LIABILITIES		Adj
Gov & Ag	\$40.0	0.02	ST Borrowings	\$0.3	0.30
Commercial Paper	1.2	0.02	Gov & Ag	36.0	46.00
Mortgages	6.5	0.02	Commercial Paper	0.0	0.00
Total Corp Debt	5.4	0.02	Mortgages	0.2	0.20
Corp Equity	9.3	0.02	Corp Debt	2.2	2.20
Derivatives	2.8	0.02	Corp Equities	6.3	6.30
			Derivatives	2.1	2.10
Total	65.2	0.14	Total	47.1	57.10
Collateralized ST Agr	10.0	0.02	Collateralized ST Fund	30.0	10.00
Receivables	0.0	0.02	Payables	0.0	0.00
Other Assets	0.4	0.02	Deposits	0.0	0.00
Inv In Con Subs	1.9	0.02	Due To Subs	0.0	0.00
Due From Subs	0.0	0.02	Sub Notes	0.0	0.00
Total	12.3	0.11	Total	30.0	10.00
Goodwill	0.25	0.25	Total	77.1	67.10
Adj. Total Assets	\$77.4	\$75.0	Cure pmt	2.25	2.25
			Comp	2.0	2.00
			Total	\$81.4	71.35

9/18/2008
4:33 PM
BS 1

BCI EXHIBIT

207

Ex. 507

From: Kelly, Martin
Sent: Thu, 18 Sep 2008 23:02:53 GMT
To: richard.krasnow@weil.com
Subject: FW: LBI BS_917_V with adjustment.xls

Lehman Brother Inc.
Balance Sheet as of September 17, 2008
(\$ in millions)

ASSETS:	08/31/08	09/17/08	Notes	Transaction Adjustments	Balance Sheet Transferred	Balance Sheet Remaining	Purchase Agreement
CASH & CASH EQUIVALENTS	268	412			412	-	700
CASH & SECURITIES SEGR. AND ON DEPOSIT	8,550	4,740	Per L. Nazimowitz \$1.9B customer cash locked up for 15c; \$1.9B Futures customer cash set aside in MMK Mutual funds, \$1B of Good Faith Deposits with Exchanges per G/L.			4,740	
FINANCIAL INSTR. & OTHER INVENTORY POSITIONS OWNED							
GOVERNMENTS & AGENCIES	30,225	37,214			37,214	-	40,000
TOTAL COMM PAPER & OTHER MMKT INSTRUMENTS	1,158	958			958	-	1,100
MORTGAGES & ASSET-BACKED SEC	6,499	5,972			2,986	2,986	2,700
TOTAL CORPORATE DEBT & OTHER	5,422	4,839			4,839	-	4,900
TOTAL CORPORATE EQUITIES	9,256	6,758			6,758	-	8,800
DERIVATIVES AND OTHER CONTR. AGREEMENTS	2,758	3,566			3,566	-	4,500
TOTAL SECURITIES & OTHER FIN INSTR. OWNED	55,318	59,307	Per H.Ziff Inventory File		56,321	2,986	62,000
COLLATERALIZED SHORT-TERM AGREEMENTS	155,876	30,337	Per A. Abedeen Financing File		30,337	0	10,000
RECEIVABLES	14,383	29,920	Per P. Tennyson Rec from Clearing Organizations of \$2.4B; Per H.Ziff GFS File FTD \$12.5B; Per J. Potenciano Customer Rec \$14.3B			29,920	
OTHER ASSETS	363	317	Per G/L: PPE \$76mm; Goodwill \$133mm		76	241	
INVESTMENT IN CONS. SUBS	1,924	1,592				1,592	
DUE FROM SUBSIDIARIES							
FTD with LBIE	2,500	8,248				8,248	
FTD with LBHI		874				874	
REVERSE REPO with LBIE	2,061	13,822				13,822	
REVERSE REPO with LBSF	1,603	6,504				6,504	
REVERSE REPO with LCPI	7,985	6,341				6,341	
REVERSE REPO with LBHI	352	424				424	
REVERSE REPO with LB I Group		122				122	
REVERSE REPO with LBF	129	85				85	
STOCK BORROW with LBIE	44,849	12,902				12,902	
STOCK BORROW with LBSF	4,235	4,479				4,479	
STOCK BORROW with LB I Group	179	122				122	
RECEIVABLE with LBHI	-	2,081		1,383		3,464	
RECEIVABLE with LBIE	140	-				-	
Other: Receivables <\$50mm	1,601	172				172	
	65,634	56,176				57,559	
TOTAL ASSETS	302,316	182,802			87,146	97,039	72,700

Lehman Brother Inc.
Balance Sheet as of September 17, 2008
(\$ in millions)

LIABILITIES:

S.T. BORROWINGS & CURRENT PORTION OF L.T. BORROWINGS

FIN'L INSTR & OTHER INV POSNS SOLD BUT NOT PURCHASED

GOVERNMENTS & AGENCIES

TOTAL COMM PAPER & OTHER MMKT INSTRUMENTS

MORTGAGES & ASSET-BACKED SEC

TOTAL CORPORATE DEBT & OTHER

TOTAL CORPORATE EQUITIES

DERIV & OTHER CONTR AGREEMENTS

TOTAL SEC. & OTHER FIN INSTR SOLD NOT PURCH.

COLLATERALIZED SHORT-TERM FINANCING

PAYABLES

COMPENSATION PAYABLE

TRADE LIABILITIES

OTHER

DUE TO SUBSIDIARIES

FTR with LBIE

REPO with LBHI

REPO with LBIE

REPO with LBSF

REPO with Bankhaus

REPO with LBF

REPO with Lehman RE

REPO with LBB

REPO with LBCB

REPO with LOTC

STOCK LOAN with LBIE

STOCK LOAN with LBSF

STOCK LOAN with LB LUX

PAYABLE with LBIE

PAYABLE with LBCC

PAYABLE with LBSF

PAYABLE with LBI

PAYABLE with LBCB

PAYABLE with LBHI

Other Receivables <\$50mm

LONG-TERM DEBT:

SENIOR NOTES

SUBORDINATED NOTES

TOTAL LONG-TERM DEBT:

TOTAL LIABILITIES

STOCKHOLDERS EQUITY

ADDITIONAL PAID IN CAPITAL

RETAINED EARNINGS

OTHER STOCKHOLDERS EQUITY, NET

TOTAL STOCKHOLDERS EQUITY

TOTAL LIABILITIES & STOCKHOLDERS' EQUITY

Out of Balance

	08/31/08	09/17/08	Notes	Transaction Adjustments	Balance Sheet Transferred	Balance Sheet Remaining	Purchase Agreement
Per Treasury		531				531	
	308				20,024	-	21,000
35,955		20,024				-	
19		24			24	-	
2,170		1,740			1,740	-	2,100
6,264		5,619			5,619	-	6,300
2,084		1,660			1,660	-	4,500
46,492		29,067			29,067	-	33,900
107,954		74,602			55,776	18,826	34,500
360		520				-	
423		400		1,000	1,520	-	
22,095		16,026		383	783	-	
			Per 8/31 G/L Pay to Clearing Organizations \$0.5B; Per H.Ziff GFS File FTD 54.2B; Per J. Polanco Customer Pay \$11B; Per G/L Taxes \$0.4B			16,026	4,300
290		10,720				10,720	
20,732						-	
13,469		16,194				16,194	
1,608		5,032				5,032	
1,351		350				350	
1,391		1,351				1,351	
273		273				273	
2,185		-				-	
2,918		-				-	
759		-				-	
39,216		9,209				9,209	
2,051		2,979				2,979	
20,664		-				-	
-		4,571				4,571	
554		606				606	
100		737				737	
283		444				444	
-		122				122	
707		-				-	
4,895		731				731	
113,446		53,319			-	53,319	
7,043		7,051				7,051	
7,043		7,051				7,051	
298,121		181,516			87,146	95,753	72,700
3,866		3,866				3,866	
306		(1,045)				(1,045)	
23		23				23	
4,195		2,844				2,844	
302,316		184,360			87,146	98,597	72,700
-		(1,558)			-	(1,558)	

Per Treasury \$6.5B is intercompany

BCI EXHIBIT

208

From: michaelklein@michaelsklein.com
Sent: Thursday, September 18, 2008 8:23 PM
To: Ricci, Rich: Barclays Capital
Subject: Re: Call

I am aware

We have an 830 call to discuss the issues

I am staying in ny to help out on the issue

Will work with london tonight by phone-head over when we close tomorrow night Sent via BlackBerry by AT&T

-----Original Message-----

From: <rich.ricci@barclayscapital.com>

Date: Fri, 19 Sep 2008 01:12:35

To: <michaelklein@michaelsklein.com>

Subject: Re: Call

Big issues on bai sheet today vs what we thought we bought.

----- Original Message -----

From: michaelklein@michaelsklein.com <michaelklein@michaelsklein.com>

To: Ricci, Rich: Barclays Capital

Sent: Fri Sep 19 00:45:35 2008

Subject: Call

Rich

Let me know if you need anything

I am working through the contract/closing with lawyers/archie and europe issues for gerry.

I will fly over to europe tomorrow after we settle some of the open creditor issues before the bankruptcy hearing

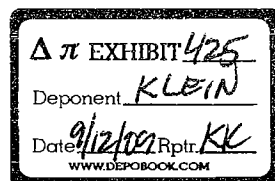
If I can help you at all, let me know-i am heading back to 200 park now

All the best

Sent via BlackBerry by AT&T

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BCI EXHIBIT

209

From: "FLORES, DANIEL" <DANIEL.FLORES@LEHMAN.COM>
Sent: 9/19/2008 12:51:43 AM
To: BARRY RIDINGS/IB/LAZARD@LAZARD NYC; DAVID DESCOTEAUX/IB/LAZARD@LAZARD
NYC; ARTHUR BRUHMULLER/IB/LAZARD@LAZARD NYC
Subject: FW: LBI BS_917_V with adjustment.xls

Attached is a cut of the balance sheet that stays and is transferred to
Barclays.

Please note that this is preliminary and will change so please do not
share with anyone yet. I will send you the final version as soon as I
get it.

DF

>
> From: Wong, Kristie
> Sent: Thursday, September 18, 2008 6:20 PM
> To: Flores, Daniel
> Cc: Kelly, Martin
> Subject: FW: LBI BS_917_V with adjustment.xls

>
>
>
>
> From: Hauzenberg, Rose
> Sent: Thursday, September 18, 2008 6:20 PM
> To: Wong, Kristie
> Subject: LBI BS_917_V with adjustment.xls

> <<LBI BS_917_V with adjustment.xls>>

- - -
- - - -

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- LBI BS_917_V with adjustment.xls

Attachment: LBI BS_917_V with adjustment.xls

A		B		C	D	E	F	G	H
1	Lehman Brother Inc.								
2	Balance Sheet as of September 17, 2008								
3	(\$ in millions)								
4			08/31/08		09/17/08			Notes	
5	ASSETS:								
6									
7		CASH & CASH EQUIVALENTS	268		412				
8		CASH & SECURITIES SEGR. AND ON DEPOSIT	8,550		4,740			Per L. Nazamowitz \$1.98 customer cash locked up for 15c; \$1.98 Futures customer cash set aside in K&K Mutual Funds \$1B of Good Faith Deposits with Exchanges per Q.L.	
9									
10		FINANCIAL INSTR. & OTHER INVENTOR Y POSITIONS OWNED							
11		GOVERNMENTS & AGENCIES	30,225		37,214				
12		TOTAL COMAM PAPER & OTHER MARKT INSTRUMENTS	1,158		958				
13		MORTGAGES & ASSET-BACKED SEC	6,499		5,972				
14		TOTAL CORPORATE DEBT & OTHER	5,422		4,839				
15		TOTAL CORPORATE EQUITIES	9,256		6,758				
16		DERIVATIVES AND OTHER CONTR. AGREEMENTS	2,758		3,566				
17		TOTAL SECURITIES & OTHER FIN INSTR OWNED	55,318		59,307			Per H. Ziff Inventory File	
18									
19		COLLATERALIZED SHORT-TERM AGREEMENTS	155,876		30,337			Per A. Abodeen Financing File	
20		RECEIVABLES	14,383		29,920			Per P. Temyson Rec. from Clearing Organizations of \$2.4B; Per H. Ziff QFS File FTD \$12.5B; Per J. Potenciano Customer Rec \$14.3B	
21		OTHER ASSETS	363		317			Per Q.L. PPE \$76mm; Goodwill \$13mm	
22		INVESTMENT IN CONS. SUBS	1,924		1,592				
23		DUE FROM SUBSIDIARIES							
24		FTD with LBIE	2,500		8,248				
25		REVERSE REPO with LBIE	2,061		13,822				
26		REVERSE REPO with LBSF	1,603		6,504				
27		REVERSE REPO with LCPH	7,985		6,341				
28		REVERSE REPO with LBHI	352		424				
29		REVERSE REPO with LB I Group			122				
30		REVERSE REPO with LBF	129		85				
31		STOCK BORROW with LBIE	44,849		12,902				
32		STOCK BORROW with LBSF	4,235		4,479				
33		STOCK BORROW with LB I Group	179		122				
34		RECEIVABLE with LBHI	-		2,081				
35		RECEIVABLE with LBIE	140		-				
36		Other Receivables <\$50mm	1,601		172				
37			65,634		56,176				
38									
39									
40									
41		TOTAL ASSETS	302,316		182,802				
42									
43	LIABILITIES:								
44									
45		S.T. BORROWINGS & CURRENT PORTION OF L.T. BORROWINGS	308		531			Per Treasury	
46									
47		FINL INSTR & OTHER INV POSNS SOLD BUT NOT PURCHASED							

	I	J	K	L	M	N	O
1							
2							
3			Balance Sheet		Balance Sheet		Purchase
4	Transaction Adjustments		Transferred		Remaining		Agreement
5							
6							
7			412		-		700
8					4,740		
9							
10							
11			37,214		-		40,000
12			958		-		1,100
13			2,986		2,986		2,700
14			4,839		-		4,900
15			6,758		-		8,800
16			3,566		-		4,500
17			56,321		2,986		62,000
18							
19			30,337		0		10,000
20					29,920		
21			76		241		
22					1,592		
23							
24					8,248		
25					874		
26					13,822		
27					6,504		
28					6,341		
29					424		
30					122		
31					85		
32					12,902		
33					4,479		
34					122		
35			1,383		3,464		
36					-		
37					172		
38					57,559		
39							
40							
41			87,146		97,039		72,700
42							
43							
44							
45					531		
46							
47							

	A	B	C	D	E	F	G	H
48		GOVERNMENTS & AGENCIES	35,955		20,024			
49		TOTAL COMM PAPER & OTHER MARKET INSTRUMENTS						
50		MORTGAGES & ASSET-BACKED SEC	19		24			
51		TOTAL CORPORATE DEBT & OTHER	2,170		1,740			
52		TOTAL CORPORATE EQUITIES	6,264		5,619			
53		DERIV & OTHER CONTR AGREEMENTS	2,084		1,660			
54		TOTAL SEC & OTHER FIN INSTR SOLD NOT PURCH	46,492		29,067		Per H 21ff Inventory File	
55								
56		COLLATERALIZED SHORT-TERM FINANCING	107,954		74,602		Per A. Abedeen Financing File	
57		PAYABLES	360		520			
58		COMPENSATION PAYABLE	423		400			
59		TRADE LIABILITIES	22,095		16,026		Per B31 G/L, Pay to Clearing Organizations \$0.5B; Per H 21ff OFS File, RTD \$4.2B; Per J. Polenciano Customer Pay \$11B; Per G/L, Taxes \$0.4B	
60		OTHER						
61		DUE TO SUBSIDIARIES						
62		FTR with LBI	290		10,720			
63		REPO with LBHI	20,732		-			
64		REPO with LBI	13,469		16,194			
65		REPO with LBSF	1,608		5,032			
66		REPO with Bankhaus	1,351		350			
67		REPO with LBF	1,391		1,351			
68		REPO with Lehman RE	273		273			
69		REPO with LBB	2,185		-			
70		REPO with LBCB	2,918		-			
71		REPO with LOTC	759		-			
72		STOCK LOAN with LBI	39,216		9,209			
73		STOCK LOAN with LBSF	2,051		2,979			
74		STOCK LOAN with LBLUX	20,664		-			
75		PAYABLE with LBI	-		4,571			
76		PAYABLE with LBCB	554		606			
77		PAYABLE with LBSF	100		737			
78		PAYABLE with LBI	283		444			
79		PAYABLE with LBCB	-		122			
80		PAYABLE with LBHI	707		-			
81		Other Receivables <\$50mm	4,895		731			
82			113,446		53,319			
83								
84		LONG-TERM DEBT:						
85		SENIOR NOTES						
86		SUBORDINATED NOTES	7,043		7,051		Per Treasury \$6.5B is Intercompany	
87		TOTAL LONG-TERM DEBT:	7,043		7,051			
88								
89		TOTAL LIABILITIES	298,121		181,516			
90								
91	STOCKHOLDERS EQUITY							
92		ADDITIONAL PAID IN CAPITAL	3,866		3,866			
93		RETAINED EARNINGS	306		(1,045)			
94		OTHER STOCKHOLDERS EQUITY, NET	23		23			
95		TOTAL STOCKHOLDERS EQUITY	4,195		2,844			
96								
97		TOTAL LIABILITIES & STOCKHOLDERS' EQUITY	302,316		184,360			

48							
49			20,024		-		21,000
50			24		-		
51			1,740		-		2,100
52			5,619		-		6,300
53			1,660		-		4,500
54			29,067		-		33,900
55							
56			55,776		18,826		34,500
57							
58		1,000	1,520		-		
59		383	783		-		
60					16,026		4,300
61							
62					10,720		
63					-		
64					16,194		
65					5,032		
66					350		
67					1,351		
68					273		
69					-		
70					-		
71					-		
72					9,209		
73					2,979		
74					-		
75					4,571		
76					606		
77					737		
78					444		
79					122		
80					-		
81					731		
82					53,319		
83							
84							
85							
86					7,051		
87					7,051		
88							
89			87,146		95,753		72,700
90							
91							
92					3,866		
93					(1,045)		
94					23		
95					2,844		
96							
97			87,146		98,597		72,700

	A	B	C	D	E	F	G	H
98								
99	Out of Balance				(1,558)			
99								

68	I	J	K	L	M	N	O
69					(1,558)		

BCI EXHIBIT

210

From: DAVID DESCOTEAUX/IB/LAZARD
Sent: 9/19/2008 2:52:54 AM
To: BARRY RIDINGS/IB/LAZARD@LAZARD NYC; ARTHUR BRUHMULLER/IB/LAZARD@LAZARD
NYC; MATTHEW WHITING/IB/LAZARD@LAZARD NYC;
AKIKO OGASAWARA/IB/LAZARD
Subject: Re: LBI BS_917_V with adjustment.xls

This BGS will change but the main differences are as compares to the 72bn
assets version:

For B/S to Barclays
Total assets of 87bn.
Collateralized assets and liabs have gone up by about 20bn each. other
line
items have moved around a bit explaining the difference from the 72bn
starting
point.

Cash of 412m
PPE of 76m
Comp payables of 1.5bn

For B/S staying behind...
assets are 97bn. Receivables of 29, due from subs of 57, investments in
sub
1.5, mortgages of 3 and segregated customer cash of 4.7

Liabs 95bn. Collateralized ST financing of 18, payables of 16 and due to
subs
of 53. Equity of 3

----- Original Message -----
From: "Flores, Daniel" [Daniel.Flores@lehman.com]
Sent: 09/18/2008 08:51 PM AST
To: Barry Ridings; David Descoteaux; Arthur Bruhmuller
Subject: FW: LBI BS_917_V with adjustment.xls

Attached is a cut of the balance sheet that stays and is transferred to
Barclays.
Please note that this is preliminary and will change so please do not
share with anyone yet. I will send you the final version as soon as I
get it.

DF

>
> _____
> From: Wong, Kristie
> Sent: Thursday, September 18, 2008 6:20 PM
> To: Flores, Daniel

> Cc: Kelly, Martin
> Subject: FW: LBI BS_917_V with adjustment.xls
>
>
>
>

> From: Hauzenberg, Rose
> Sent: Thursday, September 18, 2008 6:20 PM
> To: Wong, Kristie
> Subject: LBI BS_917_V with adjustment.xls
>
> <<LBI BS_917_V with adjustment.xls>>

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BCI EXHIBIT

211

From: Blackwell, Alastair [ablackwe@lehman.com]. Sent: 9/18/2008 11:32 PM.
To: Lowitt, Ian T [ilowitt@lehman.com]; Tonucci, Paolo [paolo.tonucci@lehman.com].
Cc:
Bcc:
Subject: Fw:

----- Original Message -----

From: Hraska, James W
To: Blackwell, Alastair
Sent: Thu Sep 18 23:28:40 2008
Subject: RE:

Without margin we are 1.5B short
With margin we owe them 7B

We have 14b in the box so this is what we are trying to do

Take a loan from chase
Book a tri to them and fill with cash

Still hope

-----Original Message-----

From: Blackwell, Alastair
Sent: Thursday, September 18, 2008 11:25 PM
To: Hraska, James W
Subject:

What's the latest

Exhibit
67B
KK 8:709

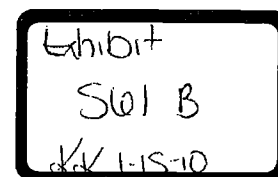
BCI EXHIBIT

212

FW: Consolidating Balance Sheet

file:///C:/Documents%20and%20Settings/BGiglio/My%20Document...

From: Kelly, Martin
Sent: Fri, 19 Sep 2008 05:12:20 GMT
To: Wong, Kristie
Subject: FW: Consolidating Balance Sheet



The guy below has a bad email address for you - also pelase copy this version back into the drive

From: Kelly, Martin
Sent: Friday, September 19, 2008 1:12 AM
To: 'Coles, David J.'; kristy.wong@lehman.com
Cc: Suckow, John K.; Fogarty, James P.
Subject: RE: Consolidating Balance Sheet

David - please see latest draft attached

From: Coles, David J. [<mailto:DColes@alvarezandmarsal.com>]
Sent: Thursday, September 18, 2008 9:57 PM
To: kristy.wong@lehman.com
Cc: Suckow, John K.; Fogarty, James P.; Kelly, Martin
Subject: Consolidating Balance Sheet

Kristy:

Some colleagues and I met with Martin Kelly on Tuesday and discussed the consolidated balance sheet and the likely post-Bar Cap sale BS. Martin suggested we could get some information from you. Do you have a current consolidating BS file by entity that you could send or grant us access to. If you have some time to meet tomorrow that would also be very much appreciated.

Thanks,

David

David J. Coles

Alvarez & Marsal North America, LLC.

600 Lexington Avenue

New York, NY 10021

(917) 402-2456 C

(631) 614-4342 EFax

(212) 759-4433 Office

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This email has been scanned by the MessageLabs Email Security System.

Lehman Brother Inc.
Balance Sheet as of September 17, 2008
(\$ in millions)

ASSETS:

	08/31/08	09/17/08	Notes	Transaction Adjustments	Balance Sheet Transferred	Balance Sheet Remaining	Purchase Agreement
CASH & CASH EQUIVALENTS	268	412			412	-	700
CASH & SECURITIES SEGR. AND ON DEPOSIT	8,550	4,740	Per L. Nazimowitz \$1.9B customer cash locked up for 15c3; \$1.9B Futures customer cash set aside in MM/K Mutual funds; \$1B of Good Faith Deposits with Exchanges per G/L.			4,740	
FINANCIAL INSTR. & OTHER INVENTORY POSITIONS OWNED							
GOVERNMENTS & AGENCIES	30,225	37,214			37,214	-	40,000
TOTAL COM/PAPER & OTHER MM/KT INSTRUMENTS	1,158	958			958	-	1,100
MORTGAGES & ASSET-BACKED SEC	6,499	5,972			2,986	2,986	2,700
TOTAL CORPORATE DEBT & OTHER	5,422	4,839			4,839	-	4,900
TOTAL CORPORATE EQUITIES	9,256	6,758			6,758	-	8,800
DERIVATIVES AND OTHER CONTR. AGREEMENTS	2,758	3,566			3,566	-	4,500
TOTAL SECURITIES & OTHER FIN INSTR. OWNED	55,318	59,307	Per H/Ziff Inventory File		56,321	2,986	62,000
COLLATERALIZED SHORT-TERM AGREEMENTS	155,876	30,337	Per A. Abedeen Financing File		30,337	0	10,000
RECEIVABLES	14,383	29,920	Per P. Thompson Rec from Clearing Organizations of \$2.4B; Per H/Ziff GFS File FTD \$12.5B; Per J. Polenciano Customer Rec \$14.3B			29,920	
OTHER ASSETS	363	317	Per G/L. PPE \$76mm; Goodwill \$133mm		76	241	
INVESTMENT IN CONS. SUBS	1,924	1,592				1,592	
DUE FROM SUBSIDIARIES							
FTD with LBIE	2,500	8,248				8,248	
FTD with LBHI		874				874	
REVERSE REPO with LBIE	2,061	13,822				13,822	
REVERSE REPO with LBSF	1,603	6,504				6,504	
REVERSE REPO with LCPI	7,985	6,341				6,341	
REVERSE REPO with LBHI	352	424				424	
REVERSE REPO with LB I Group		122				122	
REVERSE REPO with LBF	129	85				85	
STOCK BORROW with LBIE	44,849	12,902				12,902	
STOCK BORROW with LBSF	4,235	4,479				4,479	
STOCK BORROW with LB I Group	179	122				122	
RECEIVABLE with LBHI	-	2,081		3,645		5,726	
RECEIVABLE with LBIE	140	-				-	
Other Receivables <\$50mm	1,601	172				172	
	65,634	56,176				59,821	
TOTAL ASSETS	302,316	182,802			87,146	99,301	72,700

Lehman Brother Inc.
Balance Sheet as of September 17, 2008
(\$ in millions)

LIABILITIES:

	08/31/08	09/17/08	Notes	Transaction Adjustments	Balance Sheet Transferred	Balance Sheet Remaining	Purchase Agreement
S. T. BORROWINGS & CURRENT PORTION OF L.T. BORROWINGS	308	531	Per Treasury			531	
FIN'L INSTR & OTHER INV POSNS SOLD BUT NOT PURCHASED							
GOVERNMENTS & AGENCIES	35,955	20,024			20,024	-	21,000
TOTAL COMM PAPER & OTHER MMKT INSTRUMENTS	19	24			24	-	
MORTGAGES & ASSET-BACKED SEC	2,170	1,740			1,740	-	2,100
TOTAL CORPORATE DEBT & OTHER	6,264	5,619			5,619	-	6,300
TOTAL CORPORATE EQUITIES	2,084	1,660			1,660	-	4,500
DERIV & OTHER CONTR AGREEMENTS	46,492	29,067	Per H Ziff Inventory File		29,067	-	33,900
TOTAL SEC. & OTHER FIN INSTR. SOLD NOT PURCH.	107,954	74,602	Per A. Absdeen Financing File		53,829	20,773	34,500
COLLATERALIZED SHORT-TERM FINANCING							
PAYABLES							
Bonus payable	-	-		2,000	2,000	-	
Cure payments/accounts payable	701	605		1,645	2,250	-	
OTHER	22,455	16,341	Per 8/31 G/L Pay to Clearing Organizations \$0.5B; Per H Ziff GFS File FTD \$4.2B; Per J. Potenciano Customer Pay \$11B; Per G/L Taxes \$0.4B	0	0	16,341	4,300
DUE TO SUBSIDIARIES							
FTR with LBIE	290	10,720				10,720	
REPO with LBHI	20,732	-				-	
REPO with LBIE	13,469	16,194				16,194	
REPO with LBSF	1,608	5,032				5,032	
REPO with Bankhaus	1,351	350				350	
REPO with LBF	1,391	1,351				1,351	
REPO with Lehman RE	273	273				273	
REPO with LBB	2,185	-				-	
REPO with LBCB	2,918	-				-	
REPO with LOTC	759	-				-	
STOCK LOAN with LBIE	39,216	9,209				9,209	
STOCK LOAN with LBSF	2,051	2,979				2,979	
STOCK LOAN with LB LUX	20,664	-				-	
PAYABLE with LBIE	-	4,571				4,571	
PAYABLE with LBCC	554	606				606	
PAYABLE with LBSF	100	737				737	
PAYABLE with LBI	283	444				444	
PAYABLE with LBCB	-	122				122	
PAYABLE with LBHI	707	-				-	
Other Receivables <\$50mm	4,895	731				731	
	113,446	53,319			-	53,319	
LONG-TERM DEBT:							
SENIOR NOTES							
SUBORDINATED NOTES	7,043	7,051	Per Treasury \$6.5B is intercompany			7,051	
TOTAL LONG-TERM DEBT:	7,043	7,051				7,051	
TOTAL LIABILITIES	298,121	181,516			87,146	98,015	72,700
STOCKHOLDERS EQUITY							
ADDITIONAL PAID IN CAPITAL	3,866	3,866				3,866	
RETAINED EARNINGS	306	(1,045)				(1,045)	
OTHER STOCKHOLDERS EQUITY, NET	23	23				23	
TOTAL STOCKHOLDERS EQUITY	4,195	2,844				2,844	
TOTAL LIABILITIES & STOCKHOLDERS' EQUITY	302,316	184,360			87,146	100,859	72,700
Out of Balance	-	(1,558)			-	(1,558)	

BCI EXHIBIT

213

From: Evans, Michael: HR (LDN)
Sent: Fri, 19 Sep 2008 08:15:17 GMT
To: Kalaris, Tom: Barclays Capital (LDN); Ricci, Rich: Barclays Capital;
McGarahan, Frank: Wealth Mgmt (LDN)
Subject: Re: Leh HNW

This is how these guys are paid they will have as good or better offers so we should grab them
we get something that would take a long time to grow from green field

From: Kalaris, Tom: Barclays Capital (LDN)
To: Ricci, Rich: Barclays Capital; Evans, Michael: HR (LDN); McGarahan, Frank: Wealth Mgmt
(LDN)
Sent: Fri Sep 19 04:42:12 2008
Subject: Leh HNW

Here are the touch points:

1. business looks reasonably profitable
12 month run rate on rev = \$640 (adj for being separate from NB)
12 month run rate on exp = \$494
2. I like Petersen
3. model isn't one we like, but when are we going to get a chance to buy something that has 300
inv reps; they do a lot of PE and asset management
4. five highest paid guys: \$ 17.9mm; 4.0mm; 2.0mm; 1.8mm; 1.4mm;
5. street is buying people at 2 x rev forgivable loan; JPM did 1 x rev for the BS PC---we probably
should do the same. Roughly 200 mm in total--over 7 yrs = p/lhit of 28mm a year we lock in 80
guys....the top guy we give a \$15mm loan to
6. One guy has almost 10 % of the revenue (see above)
7. avg payout 33%

Reactions ?

TK

See comment below from headhunter:

Industry norms

- o 42-45% of gross revenues on an ongoing basis (some judgement calls on what the team pays for with that money, by the way – eg: admin support)
- o At places like Smith Barney, the % would be as low as 23% on business done with private bankers/bank with a 3% 'longevity' bonus if broker has been there for more than 5 or so years
- o Recruiting packages have ranged from 150% -250% of 12 months trailing revenues with the EFLs of 5-7 years length. The norm has been 150% but Morgan Stanley has paid at the top end and we think CS has too. (We know CS paid \$50M to the Zinman team to move them from Smith Barney – they have \$7.5B in AUMs).
- o These are often structured with a 'front' and a 'back' end. The broker gets 100% on Day 1 (on trailing 12 mos revenues) – if he performs over the trailing revenue level, he gets a make up; if he underperforms, there is no clawback.
- o We know that Goldman's levels are a lot lower, reflecting the platform value.

Current knowledge of retention packages

- o We have been told that, as of now, only Merrill has put in place retention packages for top brokers. These have been 100% of trailing revenues with a 5-7 year EFL. We haven't heard that anyone else has put anything in place yet.

We were told that CS has picked up the top 4-5 teams from Lehman already.

Neuberger comp

Paid 30% on gross revenues in first year, 10% thereafter. For some revenues, will pay up to 20% in perpetuity so the top end brokers were getting a 30%/20% level.

Some Color

→ One of our contacts has told us that he has had lost of producers calling him for advice on what to do. Most inclined to abandon ship.

→ Leadership:

- o Jack Petersen – head of US: only been in seat for couple of yrs, though was in deputy role for a yr before that before Marantz retired. Had led a successful production team at MS, did a reasonably gd job since at Lehman given that he had no b/grnd in mgnt but still green I wld say.
- o Mark Stevenson & Steve Alper: co-run NY. Stevenson was sole head until 18 months ago or so. They preside over a sales force that needs lots of mgnt oversight as they frequently bump into their institutional trading counterparts at Lehman. V different personalities, Stevenson commands a lot of loyalty and if he were to go somewhere to run a branch a lot of ppl wld follow him. He is your typical relationship guy, gd guy, 20+ yrs at Lehman, your prototypical branch manager model, not the kind of guy to build an AM business but perfectly fine to run a brokerage office. Used to run the biggest producing team at Lehman. Alper is a 15 yr veteran at lehman and v few wld follow him, just different personality.

→ Business: used to be a \$1bn revs business in gd times and 75% of that came from trading for middle market institutions that were not covered by the institutional desks of Lehmans so only 25% of the brokers were truly focused on private clients.

→ Top producers:

○ Marty Shariroff: one of the top producers on the street, has made \$40-50mn for years.
(we have some bio info if needed)

I will keep an ear out and an eye on blackberry tonight if you need other info.
Good luck!

BCI EXHIBIT

214

From: Rodefelf, John: Operations (NYK)
Sent: Fri, 19 Sep 2008 08:16:53 GMT
Scott, Teri: Finance (NYK); LaRocca, Gerard: Barclays Capital (NYK);
Walker, James: Finance (NYK); Westwood, Jai: Barclays Capital (NYK);
Haley, John: Operations (NYK); Drubel, Elaine: Finance (NYK); Beckenhaupt,
To: Jim: Operations (NYK); Gavenda, TJ: Finance (NYK); Hughey, Matthew:
Finance (NYK); Grbic, Susan: Finance (NYK); Morton, Marcus: Finance
(NYK); Machell, Carole: Operations (LDN); Chapman, Paul: Operations
(LDN)
Garcha, Sarvjeet: Treasury (LDN); Stone, Jonathan: Barclays Treasury (LDN);
Storey, Miles: Barclays Treasury (LDN); Sillett, Jez: Barclays Treasury (LDN);
CC: Dearlove, Mark: Markets (LDN); Garcha, Sarvjeet: Treasury (LDN); Petrie,
David: Markets (NYK); Wadlow, Scott: Treasury (LDN); Akhtar, Yaseen:
Treasury (NYK); Maher, Brian: Treasury (SGP)
Subject: RE: Lehman funding - Transactions summary

Tri-party for 15.8 million between Barclays/Chase/LB confirmed as closed out. We have wired
\$45 billion to Chase (account of LB) to satisfy LB Discount Window borrow on Thursday versus
collateral received with value of approx \$49.6 billion.

jr

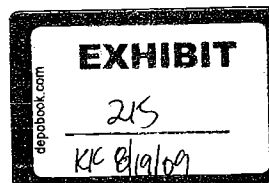
From: Scott, Teri: Finance (NYK)
Sent: Thursday, September 18, 2008 6:16 PM
To: LaRocca, Gerard: Barclays Capital (NYK); Walker, James: Finance (NYK); Westwood, Jai: Barclays Capital (NYK); Haley,
John: Operations (NYK); Drubel, Elaine: Finance (NYK); Rodefelf, John: Operations (NYK); Beckenhaupt, Jim: Operations (NYK);
Gavenda, TJ: Finance (NYK); Hughey, Matthew: Finance (NYK); Grbic, Susan: Finance (NYK); Morton, Marcus: Finance (NYK)
Cc: Garcha, Sarvjeet: Treasury (LDN)
Subject: FW: Lehman funding - Transactions summary
Importance: High

FYI

From: Scott, Teri: Finance (NYK)
Sent: Thursday, September 18, 2008 6:10 PM
To: Stone, Jonathan: Barclays Treasury (LDN)
Cc: Storey, Miles: Barclays Treasury (LDN); Sillett, Jez: Barclays Treasury (LDN); Dearlove, Mark: Markets (LDN); Garcha,
Sarvjeet: Treasury (LDN); Petrie, David: Markets (NYK); Wadlow, Scott: Treasury (LDN); Akhtar, Yaseen: Treasury (NYK); Maher,
Brian: Treasury (SGP)
Subject: Lehman funding - Transactions summary
Importance: High

Jon,

HIGHLY CONFIDENTIAL



BCI-EX-(S)-00034528

In speaking with Dave Petrie and Kevin Walker, the following summarizes the 2 trades with Lehman.

Barclays established a tri-party arrangement w/ JP Morgan Chase, Lehman, BBPLC on Monday

1) \$15.8b tri party with Lehman - overnight

- Trade has been on since Monday, initially at \$2b Mon, \$10b Tues and \$15.8B Wed
- Collateral held at JPM Chase. Ops were unable to re-hypothecate from this account and will be working to be able to get collateral into BONY to then re-hypothecate
- Reverse done on PLC NY Branch (Rick Frisbee)
- John Haley (US Ops) have advised that the transaction was unwound today, pending outcome of funding described in 2 below.

2) \$47b intraday requirement - one week term

- Lehman have collateral against 3 Fed programmes : OMO, PDCF and TSLF
- Fed would like Barclays to step into these transactions
- PLC to send cash to BCI, upto \$47b
- BCI will place cash with Lehman a/c at JPM Chase as part of reverse repo
- Fed will release collateral and pass to BCI
- BCI will place collateral with Fed against PDCF programme. Dave Petrie has received assurances from Fed that they will honour this transaction
- **A list of cusips to be excluded has been provided to ensure collateral we are not purchasing, is excluded in this transfer.**
- There is an intraday overdraft cap, but Fed have agreed to a temp increase if required
- The Repo desk is looking to replace the PDCF, Fed borrowing over the next 2 weeks

Operations will be sending me a summary of today's end position with Lehman once all the trades have settled. I expect sometime after 8PM NY Time, and I will forward onto this group.

Regarding the following:

- Funding the actual acquisition - I have spoken to Rupert and to our local Head of Tax and understand there is a group addressing this. I have asked to be include in the discussion, this way, we ensure we stay hooked up/in sync.
- Assessing funding needs/process after deal closes - BarCap Treasury will liaise/coordinate with the Mark's team.

Regards
Teri

\$47bn deal flow:

<< OLE Object: Picture (Metafile) >>

BCI EXHIBIT

215

From: Lowitt, Ian T <ilowitt@lehman.com>
Sent: Friday, September 19, 2008 10:34 AM (GMT)
To: O'Meara, Chris M (NY) <comeara@lehman.com>
Subject: Re: Meeting with Alex Kirk

We worked all night to find what inventory we have available to sell. Meet me in martins office. Gerry has the details. Ian
-----Original Message-----

From: Chris O'Meara
To: Ian Lowitt
Sent: Sep 19, 2008 6:24 AM
Subject: Meeting with Alex Kirk

Ian - Bart asked some LEH folks to meet with Alex Kirk about the Barclays deal at 7am today. We will get him up to speed on where we stand, especially on the matter of inventory being sold. He will then coordinate with the LEH business heads to ensure they are in agreement. FYI. C



BCI EXHIBIT

216

Unknown

Sent: Sunday, March 22, 2009 3:40 AM

From: Yu, Anna [anna.yu@lehman.com]
Sent: Friday, September 19, 2008 2:18 PM (GMT)
To: Wong, Kristie [Kristie.Wong@lehman.com]; Hauzenberg, Rose [rhauzenb@lehman.com]; Beldner, Brett [brett.beldner@lehman.com]; Kelly, Martin [martin.kelly@lehman.com]; Tonucci, Paolo [paolo.tonucci@lehman.com]
Cc: Tennyson, Peter A [ptennyso@lehman.com]; Stucchio, Anthony [astucchi@lehman.com]
Subject: FW: Seg Cash 15c3-1

All - The 15c3-1 seg cash remaining is currently \$1 bn. Tony is waiting on the answer back from the SEC regarding the transferrability of seg cash funds from Lehman to Barclays.

The futures seg cash and margin receivables breakout will not be available for another hour as the RISC system is down. Pete is monitoring the situation and will advise on these balances once RISC is up and running again.

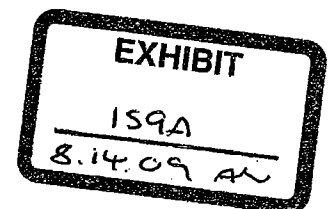
Anna

From: Glatt, Ilana
Sent: Friday, September 19, 2008 10:11 AM
To: Yu, Anna; Mancuso, Frank P; Christie, Matthew
Subject: Seg Cash 15c3-1

Attached is the bank account statement for our 15c3-1 Seg Cash as of yesterday. We have \$1bn left with Wells Fargo Bank. There is no lien on this account.

FYI, as of 8/31, LBI had seg cash of \$8.5bn. \$3.3bn was 15c-31 balances and \$5.2bn was from RISC/Pete Tennyson.

<<...>>



7/15/2009

69233

BCI EXHIBIT

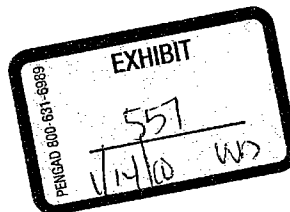
217

From: Byrne, Sean: Futures Sales (NYK)
Sent: Fri, 19 Sep 2008 14:50:36 GMT
To: James, Liz: Futures Sales (NYK); Stack, Tim: Futures (NYK); Guest,
Alexandra: Compliance (NYK); Grant, Peter: Operations (NYK); Burke, Tim:
Operations (NYK); Cohen, Ben: IT (NYK); King, Brian: IT (NYK); Kantor,
Richard: Prime Brokerage (NYK)
Subject: Barclays_LBI_Plan.xls

<<...>>

This is an outline of what was discussed yesterday with Lehman. Please review. We should assign individuals to each task and add/edit as needed.

Thank you,
Sean



Exchanges

Notify Global Exchanges

Operations:

U.S. Clearing for LBI clients:

Client business in CME 835 and NYBOT 858 to be directed to BCI

Segregated and Secured bank accounts to be directed to BCI

Client Collateral

CME and NYBOT Default Funds to be rebated to LBI. Approximately \$67mm in CME and \$4.6mm in NYBO

Other U.S exchanges?

Status of non-U.S. Clearing for LBI Omnibus account by BCI

Canada

Brazil

Mexico

Eurex

LCH

ICE

Other European entities?

SAFEX

SGX

SFE

HKFE

TSE

TFX

OSE

TOCOM

Korea

Taiwan

Malaysia

Other Asian Exchanges

Account set-up, reg reporting, brokerage

LBI statements to be changed over to BCI ?

90 days for clients to sign BCI clearing documents. Give-up documents?

Reg reports combined or reported separately

Managing brokerage post-merger?

Post trade IT

Clear Vision

Licenses

Data Center

SW & HW Support staff full-time/consultants

R&N

Licenses

Data Center
SW & HW Support staff full-t time/consultants

Smart Flow
Development
Data Center
SW & HW Support staff full-t time/consultants

Custom reconciliations/allocations?

Trading IT

CME I Link Sessions?

Pats
Licenses
Data Center
SW & HW Support staff full-t time/consultants

Trade Pipe

Development
Data Center
SW & HW Support staff full-t time/consultants

FIX

Development
Data Center
SW & HW Support staff full-t time/consultants

DMA
Development
Data Center
SW & HW Support staff full-t time/consultants

Eqi First? Other?

T

Notify Global Exchanges, Clearinghouses & Regulatory Bodies

Regulatory and industry agencies

Comment

CFTC
FSA
FIA
NFA
DSRO- Barclays - NYMEX
DSRO- LBI

Clearinghouses

TCC
LCH

Exchanges

CME	
CBT	
NYMEX/COMEX	
ICE U.S.	
CCE	
KCBT	LBI clears MF Global?
MGE	LBI clears MF Global?
Canada - MFE, TSE & Winniped	LBI clears BMO
Brazil	LBI clears Santander?
Mexico	
Eurex	
Euronext/Liffe	
Euronext- other	
ICE Europe	
IDEM	
Turkey	
MEFF	LBI clears Santander?
Portugal	
Nordic/OM	
Greece	
Russia	
SAFEX	
SGX	
SFE / NZ	
HKFE	
TSE	
TFX	
OSE	
TOCOM	
Korea	
Taiwan	

Malaysia
Other European entities?
Other Asian Exchanges

Carrying Brokers

Pru - Barclays
RBC - Barclays
MF - LBI
BMO - LBI
Santander - BCI & LBI

LBI NCM Memberships

Eurex
Liffe
Other

BCI Responsibility

LBI Responsibility

U.S. Positions & trades

Client business in CME 835 and NYBOT 858 to become subfirm of BCI?

Other U.S. clearing memberships for LBI to be directed to BCI

LBI carrying brokers to be directed to BCI

Confirm LBI and LBIE House positions are flat

Status of LBIE Customer accounts with LBI

U.S. cash and collateral

LBI Segregated and Secured bank accounts, MMF and Collateral to be directed to BCI

List of all seg, secured, MMF and collateral locations

List of all client margin (scg & secured cash, MMF, collatera)

USD- Chase

Collateral - Chase

Non USD - Harris

MMF- Dan Flemming?

House Margin & Collateral

CME and NYBOT Default Funds.

Margin with other U.S. clearinghouses/exchanges (Customer & House)

Margin with carrying brokers (Customer & House)

Status of clearing for LBI Omnibus account by BCI

CME

CBT

NYMEX/COMEX

ICE U.S.

CCE

KCBT

MGE

Canada - MFE, TSE & Winniped

Brazil

Mexico

Eurex

Euronext/Liffe

Euronext- other

ICE Europe

IDEM

Turkey

MEFF

Portugal

Nordic/OM

Greece

Russia

SAFEX

SGX

SFE / NZ

HKFE

TSE

TFX

OSE

TOCOM
Korea
Taiwan
Malaysia
Pru - Barclays
RBC - Barclays
Santander - BCI & LBI

Other European entities?
Other Asian Exchanges
Other carrying brokers?

Accounts, Brokerage & Client Service

Set up of LBI Omnibus account with BCI
Set up of LBI subaccounts in Ops
Set up of LBI short codes in Ops
Set up of LBI subaccounts in BARX
Set up of LBI short codes in BARX

Seg/ Secured Letters for LBI
LBI statements to be changed over to BCI ?

Title
Address
Paper
Compliance/Disclaimer

LBI web portal to be changed over to BCI ?

Title
Address
Compliance/Disclaimer

90 days for clients to sign BCI documents.

clearing docs
give-up docs

Reg reports combined or reported separately
Exchange & clearinghouse reports combined or reported separately
LBI client brokerage

Location
Software

LBI Exchange Brokerage

Atom

All LBI individual licenses and registrations to be changed to BCI

series 7
series 3
series 24
series 63

series 4
other?

Comment

BCI Responsibility

Approximately \$67mm in CME and \$4.6mm in NYBOT

Done

Liz James

TBD
TBD
TBD
to be agreed

Peter Grant
Peter Grant

Alex Guest

possible for FIA to assign LBI docs to new entity?

Alex Guest

Alex Guest
Alex Guest
Alex Guest

Alex Guest
Alex Guest
Alex Guest
Alex Guest
Alex Guest

Alex Guest
Alex Guest

LBI Responsibility

Greg Friel?
Greg Friel?
Greg Friel?

Tom Gisonda

Post trade IT

Comments

Clear Vision

Licenses
Data Center

Software Support employees/consultants
Hardware Support employees/consultants

R&N

Licenses
Data Center
Connectivity
Software Support employees/consultants
Hardware Support employees/consultants

Smart Flow

Development
Data Center
Connectivity
Software Support employees/consultants
Hardware Support employees/consultants

Web Portal

Development
Data Center
Connectivity
Software Support employees/consultants
Hardware Support employees/consultants

Custom Reports/Allocations/Reconciliations

Development
Data Center
Connectivity
Software Support employees/consultants
Hardware Support employees/consultants

Exchange/Industry Operational Logins

NYMEX
NYBOT
Montreal
ATOMS
EGUS
Firm Soft

BCI Responsibility

LBI Responsibility

Trading IT

Comments

CME I Link Sessions?

Pats

- Licenses
- Data Center
- Connectivity
- Software Support employees/consultants
- Hardware Support employees/consultants

Trade Pipe

- Development
- Data Center
- Connectivity
- Software Support employees/consultants
- Hardware Support employees/consultants

FIX

- Development
- Data Center
- Connectivity
- Software Support employees/consultants
- Hardware Support employees/consultants

DMA

- Development
- Data Center
- Connectivity
- Software Support employees/consultants
- Hardware Support employees/consultants

Egi First?
Other?

Exchange Systems

CME Firm Soft
other?

BCI Responsibility

LBI Responsibility

BCI EXHIBIT

218

From: james.grogan@weil.com
Sent: Friday, September 19, 2008 10:52 AM
To: lgranfield@cgsh.com; jmoss@cgsh.com; efarkas@cgsh.com; dilan@cgsh.com;
dmclaughlin@cgsh.com; ljacoby@cgsh.com; LRaben@cgsh.com;
lschweitzer@cgsh.com; twilhelm@cgsh.com
Subject: Proposed Sale Order Language

Please review this as soon as you can and let me know if you agree to include this -- it looks like clarifying language that should not be problematic.

Also, with whom should I coordinate today in finalizing the sale order?
Thanks.

James Grogan*
Weil, Gotshal & Manges LLP
767 Fifth Avenue
New York, New York 10153
Direct: 212.310.8967
Fax: 212.310.8007

*Admitted to practice in Texas

From: "Attanasio, Lee S." [lattanasio@Sidley.com]
Sent: 09/19/2008 10:34 AM AST
To: Shai Waisman
Cc: <wnavin@theocc.com>; "McDaniel, James R." <jmcdaniel@sidley.com>; "Rovira, Alex R." <ARovira@Sidley.com>; Richard Krasnow
Subject: Proposed Sale Order Language

Shai,

Further to my voicemail and email of yesterday, we would request the following language be added to the Sale Order.

Notwithstanding the foregoing, as of the Closing Date, all obligations to The Options Clearing Corporation ("OCC") with respect to Purchased Assets that are within the possession or control of OCC shall have been assigned to the Purchaser, and the Purchaser shall have assumed all of such obligations including, without limitation, all obligations with respect to short option positions, futures contracts, and stock loan or borrow positions that are transferred to the accounts of Purchaser at OCC as of the Closing Date in accordance with the Purchase Agreement. From and after the Closing Date, all securities, cash, collateral and other property transferred to accounts of the Purchaser at OCC shall be subject to all rights of OCC therein in accordance with the By-Laws and Rules of OCC including, without limitation, the security interests and setoff rights of OCC with respect thereto.

Please contact me at your earliest convenience so that we can discuss how these issues will be addressed. I am reachable throughout the day by email or on my mobile: 917-941-3819. Thanks.

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BCI EXHIBIT

219

From: Despina, Luc <LDespina@milbank.com>
Sent: Friday, September 19, 2008 11:05 AM
To: Dunne, Dennis <DDunne@milbank.com>; Aronzon, Paul S. <PAronzon@milbank.com>; Bell, Crayton I. <CBell@milbank.com>; shurian@hlhz.com;
Cc: csicgcr@hlhz.com
Subject: FW: LEHMAN BARCLAYS

Redacted

From: Golden, Daniel [mailto:dgolden@AkinGump.com]
Sent: Friday, September 19, 2008 9:57 AM
To: Despina, Luc; Siebert, Eric
Subject: FW: LEHMAN BARCLAYS

i think you guys should be aware of these facts that i am getting from goldman and advise whether you know if this stuff is true and if true, is there anything to be done about this

From: Tormey, Thomas [mailto:Thomas.Tormey@gs.com]
Sent: Friday, September 19, 2008 9:37 AM
To: Golden, Daniel
Subject: RE: LEHMAN BARCLAYS

Sure....another thing that is being sold here is Lehman intellectual property associated with IB including the intellectual property related to the index business (ie know how re compiling the index and how it is managed) .. we believe this has significant value

From: Golden, Daniel [mailto:dgolden@AkinGump.com]
Sent: Friday, September 19, 2008 9:32 AM
To: Tormey, Thomas
Subject: RE: LEHMAN BARCLAYS

can i share this with committee counsel and financial advisor?

From: Tormey, Thomas [mailto:Thomas.Tormey@gs.com]
Sent: Friday, September 19, 2008 8:51 AM
To: Golden, Daniel
Subject: LEHMAN BARCLAYS

Danny--details of our argument are that the estate should only be authorized to sell Barclays those assets which are necessary to obtain the US investment banking and broker dealer business. The proposed sale goes way beyond this in that it allows Barclays to cherry pick owned inventory, investment and other assets at a windfall discount to FMV (the discount is at least several billion dollars). It is hard to tell precise numbers here because we have no due diligence. But one way to look at it is based on last Q there were only \$21b of customer liabilities on LBI balance sheet; if Barclays is taking these and \$21b of associated assets it is buying 51b of other stuff for 47b. No showing has been made that all or even a material part of this 51b of other stuff is necessary to run the IB business. I hear you that we may get steamrolled but there will be other deals here and we feel that it is important to make this specific point. Let me know your thoughts and whether you can include. Thanks

Thomas A. Tormey
Goldman, Sachs & Co.
One New York Plaza, NY, NY 10004
Tel: (212) 902-7733

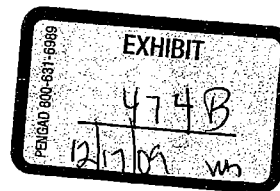
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CONFIDENTIAL

MTHM0005778

BCI EXHIBIT

220



Shai Waisman/NY/WGM/US
09/19/2008 02:13 PM

To "Lori R. Fife" <lori.fife@weil.com>, "Jacqueline Marcus"
<jacqueline.marcus@weil.com>, "James Grogan"
<james.grogan@weil.com>, Ronit Berkovich/NY/WGM/US

cc

bcc

Subject Fw: URGENT Options Clearing Corp Issue re:
Barclays/Lehman transaction

Another sale order change

Shai Y. Waisman
Weil, Gotshal & Manges LLP
767 Fifth Avenue
New York, New York 10153
P. 212.310.8274
F. 212.310.8007

From: "Attanasio, Lcc S." [lattanasio@Sidley.com]
Sent: 09/19/2008 02:10 PM AST
To: <marcus.fife@weil.com>; Ronit Berkovich
Cc: Shai Waisman; "McDaniel, James R." <jmcdaniel@sidley.com>; "Rovira, Alex R." <ARovira@Sidley.com>
Subject: FW: URGENT Options Clearing Corp Issue re: Barclays/Lehman transaction

Please see below email chain. We represent The Options Clearing Corporation and had proposed (initially to Shai) some language that we would like included in the Sale Order. At Shai's suggestion, we have now run the language by Barclay's counsel and have received their sign off. Cleary suggested that with this sign off, we provide the language to you. Please add the language below to (what was, at least) paragraph N of the Sale Order.

If you have any questions, let me know (Alex Rovira of our office will also be at court this afternoon).

Thanks for your assistance on this.

Lee

From: Edward J ROSEN [mailto:erosen@cgsh.com]
Sent: Friday, September 19, 2008 01:55 PM
To: McDaniel, James R.; Attanasio, Lee S.; Thomas J MOLONEY; wnavin@theooc.com
Cc: jonathan.hughes@barcap.com; alan.kaplan@barcap.com; Lisa M SCHWEITZER; Lindsee GRANFIELD
Subject: Re: URGENT Options Clearing Corp Issue re: Barclays/Lehman transaction

Jim - This language is not objectionable to Barclays

Edward J. Rosen
Cleary Gottlieb Steen & Hamilton LLP
One Liberty Plaza, New York NY 10006

t: +1 212 225 2820 | f: +1 212 225 3999
www.clearygottlieb.com | erosen@cgsh.com

Seth
GROSSHANDLER/NY/Cgs
h

19 September 2008 11:47
AM

To "McDaniel, James R." <jmcdaniel@sidley.com>

cc "Attanasio, Lee S." <lattanasio@Sidley.com>, wnavin@theocc.com, Edward J ROSEN/NY/Cgsh,

Thomas J MOLONEY/NY/Cgsh@cgsh

Subject Re: URGENT Options Clearing Corp Issue re: Barclays/Lehman transaction [Link](#)

Jim, I'm on a different side of a wall at Cleary, but am passing this on to Ed Rosen and Tom Moloney, who are working for Barclays

Seth Grosshandler
Cleary Gottlieb Steen & Hamilton LLP
One Liberty Plaza, New York NY 10006
t: +1 212 225 2542 | f: +1 212 225 3999
www.clearygottlieb.com | sgrosshandler@cgsh.com

"McDaniel, James R." <jmcdaniel@sidley.com>

19 September 2008 11:39 AM

To sgrosshandler@cgsh.com

cc wnavin@theocc.com, "Attanasio, Lee S." <lattanasio@Sidley.com>

Subject URGENT Issue re: Barclays/Lehman transaction

Seth: Below is language that OCC would like to have inserted in the Sale Order that we expect to be issued in the LBI SIPA proceeding this afternoon. OCC's concern is simply to protect its usual rights, security interests, etc. under its rules with respect to all positions and collateral transferred that are being transferred from LBI accounts at OCC to Barclays accounts at OCC. Allan Borkow and Jason _____ at Barclays referred us to you. Please give me a buzz.

The following would be inserted at the end of paragraph N. of the Sale Order:

Notwithstanding the foregoing, as of the Closing Date, all obligations to The Options Clearing Corporation ("OCC") with respect to Purchased Assets that are within the possession or control of OCC shall have been assigned to the Purchaser, and the Purchaser shall have assumed all of such obligations including, without limitation, all obligations with respect to short option positions, futures contracts, and stock loan or borrow positions that are transferred to the accounts of Purchaser at OCC as of the Closing Date in accordance with the Purchase Agreement. From and after the Closing Date, all securities, cash, collateral and other property transferred to

accounts of the Purchaser at OCC shall be subject to all rights of OCC therein in accordance with the By-Laws and Rules of OCC including, without limitation, the security interests and setoff rights of OCC with respect thereto.

Thanks,
Jim

James R. McDaniel
Sidley Austin LLP
One South Dearborn Street
Chicago, IL 60603
(312)853-2665
Fax: (312)853-7036

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BCI EXHIBIT

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Tonucci, Paolo

From: Jones, Craig L
Sent: 19 September 2008 12:26
To: Tonucci, Paolo
Subject: FW: FINAL 15C3-3 RESERVE LOCK-UP AS OF 09/17/08

Attachments: Microsoft Office Excel Worksheet

From: Potenciano, Joel
Sent: Friday, September 19, 2008 8:55 AM
To: Abate, Joseph; Arancio, John; Barfield, Jon W; Birnbaum, Michael; Birney, Janet; Brown, Stephen; Buonocore, Salvatore; Burke, William T; Cash Management LBI/LBHI; Critchett, Emily; D'Agostino, Anthony; Denig, Nancy; Engel, Steven J; Flores, Teresa; Fondacaro, Jack; Forsyth, David; Garner, Anna; Golaszewski, Richard; Grutsch, Christopher; Hawes, George (CORP); Hiller, Arthur; Jacob, Jobby; Jones, Craig L; Kavalipurapu, Seshu B; Legotte, Lenny; Li, Christopher; Lin, Dennis; Liz, John; Lohuis, David W; Maher, Michael R; McLaughlin, Kendall J; NY Funding & Investments; NY Liquidity Forecasting; Rejas, Janice; RepoTS; Restrepo, Michael; Rick, Neal; Rivera, Anthony; Shapiro, Brian; Shirreffs, Brett; Stucchio, Anthony; Sudarsan, Daniram; Van Schalck, George V; Vasisth, Anish; Vecchio, Laura M; Webb, Michael A; Yuan, Jeffrey
Cc: Jones, Craig L
Subject: FINAL 15C3-3 RESERVE LOCK-UP AS OF 09/17/08

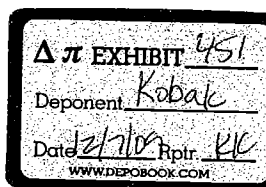
Below is the **FINAL 15C3-3 RESERVE LOCK-UP AS OF 09/17/08 (in 000s)**. The decrease of \$1 billion in the lock-up was approved by the Mike Macchiaroli of the SEC.

Customer: 769,000 all in qualified securities
- cash with JPMorgan Chase
1,000,000 cash with Wells Fargo
- cash with HSBC
1,769,000 Total

PAIB: 492,000 all in qualified securities

The next lock-up will be finalized tentatively on, *Monday, September 22nd*.

With kind regards,
Joel K. Potenciano
LEHMAN BROTHERS
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Fax +1 (646) 885-9383
Email joel.potenciano@lehman.com



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